

THE ROUND TABLE

A QUARTERLY REVIEW OF
THE POLITICS OF THE BRITISH EMPIRE

556671

CONTENTS

The Balkan War and the Balance of Power

Ministers and the Stock Exchange

The Grain Growers' Movement in Western Canada

The Ethics of Empire

United Kingdom:

*Political Apathy—The Discouragement of All Parties
The Want of Dramatic Antagonism*

Canada:

*Obstruction in Parliament—The Closure and the Senate
—Canadian Banking Legislation—The American Trade*

Australia:

*Imperial Matters—Federal Politics—The General Election
and the Referenda*

South Africa:

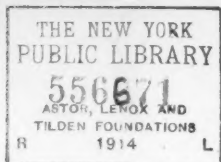
The Crisis in the Nationalist Party—University Reform

New Zealand:

The Labour Movement—Naval Defence

JUNE · MCMXIII Price 2/6

N° 11



THE BALKAN WAR AND THE BALANCE OF POWER

I

THE victories of the Balkan League and the disappearance of Turkey in Europe have profoundly affected public opinion. Every autumn for years past it has been a commonplace of the quidnuncs to say there would be a Balkan war in the following spring, and that, when that happened, nothing could prevent a European war. The Balkan war has come and almost gone, but so far the peace of Europe has—though with difficulty—been preserved. It is too early to say with any certainty what the ultimate results of the war will be: but it is possible to attempt a survey of some of the effects which it may produce on the general international situation, and particularly on the balance of power, in the maintenance of which the British Empire is vitally interested. In such an attempt the first thing is to glance at the position in the Balkans themselves.

In the Balkan peninsula, more perhaps than anywhere else in the world, ancient history is modern politics. It is easy enough to find an Englishman who has never heard of Crecy or Agincourt, but the Servian soldier still marches to victory with the cry of "Remember Kossovo," and every Montenegrin still wears mourning for the Slavonic Empire of Stephen Dushan. Like the Seven Sleepers of Ephesus, the Balkan peoples awake after the long "Turkish night" to the political consciousness of a bygone age. For an

The Balkan War and the Balance of Power

understanding of the Balkan problem an historical digression is not only pardonable, but necessary.

The modern kingdoms of Rumania, Bulgaria and Servia correspond fairly closely with the Dacian and Moesian provinces of the Roman Empire. During the decline of the Empire these provinces were successively overrun by Goths, Huns, Avars, Slavs and Bulgars, but to the eyes of Gibbon it appeared that the "greater part of these barbarians has disappeared without leaving any memorial of their existence, and the despicable remnant continues, and may long continue, to groan under the dominion of a foreign tyrant." This remnant is represented by the modern Serbs and Bulgars. The origins of the two nations were very different. The Slavs, Serbs or Wends are an Aryan race, identical perhaps with the Sarmatians who in classic times inhabited the fastnesses of Scythia, and whose pedigree is traced by Herodotus to the day when the warlike Amazons succumbed to the gentler arts of peace. The Bulgars are of Turkish extraction, descended, it is thought, from those Huns who in the fifth century made Attila feared as the "scourge of God." Their Turanian language, however, has disappeared, and they now speak a Slavonic dialect. The Slavs arrived in the sixth, the Bulgars in the seventh century after Christ. Beginning as mere marauders, then subjects of the Emperor of Constantinople, first the Bulgars under their Czar Simeon, and later the Slavs under Stephen Dushan, established independent kingdoms which for a short time extended from the Danube to the Ægean and from the Adriatic to the Black Sea. The rest of the Balkan peninsula, apart from a few Norman chiefs established in Greece and the Isles at the time of the Crusades, still owned the sway of the Greek, or, as he preferred to call himself, the Roman Emperor. For, though its language and civilization were Greek, the Byzantine monarchy to the very end claimed to represent the majesty of Augustus. For several centuries Greeks, Slavs and Bulgars were constantly at war with each other. All perished in a common

The Balkan War and the Balance of Power

ruin. Stephen Dushan died in 1356; a year later the Ottoman Turks, a Turanian tribe which had absorbed the Moham-medan states of Asia Minor, effected their first landing in Europe at Gallipoli. In 1389 the Servian power was finally crushed at Kossovo; in 1453 the capture of Constantinople completed the conquest of the peninsula. In spite of the resistance of Scanderbeg in Albania, of Hunyadi Janos in Hungary and of Ivan the Black in Montenegro (where the first Slavonic printing press was set up), the Turkish power steadily advanced. Bosnia, Croatia and Hungary were annexed; Transylvania, Wallachia and Moldavia became tributary; Vienna itself was besieged in 1529 and 1683.*

The secret of the successes of the Turks may be found partly in their religion, which enjoined the conquest or conversion of all unbelievers, partly in their possession, alone among contemporary powers, of an efficient standing army, and partly in the dissensions of their foes. The fact that the Pope was trying to form a coalition against the Sultan was enough to make Luther declare—though he changed his opinion later—that to resist the Turks was to resist God, who had sent them as a visitation. Gradually, however, and especially as the house of Hapsburg consolidated its power in Austria, the resistance of Europe became more effective, and the Turkish organization, which had been admirably adapted to conquest, proved ill-fitted for settlement. The Venetian naval victory of Lepanto in 1571 was the first premonition of the decay which, though staved off for over a century, became more rapid after the Treaty of Carlowitz in 1698, by which Hungary was ceded to Austria. The eighteenth century was marked by Austrian and Russian aggression from without, and the nineteenth century by rebellion within the Empire, and the rise of what we know as the Balkan states. After repeated insurrections, Greece became an independent kingdom in 1832. Rumania, Servia and Bulgaria, after passing through the stages first of vassal,

* The map opposite p. 398 shows the farthest limit of the Ottoman dominions, and the dates at which they have been successively dismembered.

The Balkan War and the Balance of Power

then of practically independent principalities, attained the rank of kingdoms respectively in 1881, 1882 and 1908.* Montenegro, which under its mediæval *vladikas*, or prince-bishops, had never acknowledged the Turkish supremacy, was recognized as independent in 1878 and became a kingdom in 1908. With the progress of the nineteenth century the elements of decay within the Turkish Empire became more and more apparent. As the Czar Nicholas said to the British Ambassador in 1853, "We have on our hands a very sick man. The sick man is dying, and we can never allow such an event to take us by surprise." The sick man lingered on for sixty years, and it was not till the military revolution of the Young Turks had disorganized his army that his last European provinces were finally shorn away.

The sick-bed of the Turk was surrounded by eager

* The actual stages were as follows:

(1) The Greek war of independence was brought to an end by Russian intervention in 1829, when the Treaty of Adrianople between Russia and Turkey recognized the independence of Greece. It was constituted an independent kingdom under the protection of England, France and Russia by the Convention of London in 1832. Thessaly was added in 1881.

(2) Servia obtained a grant of autonomy from the Sultan, after rebellion, in 1817. The Treaty of Adrianople (1829) recognized this autonomy under an hereditary prince, and the Treaty of Berlin (1878) granted complete independence with enlarged territory. In 1882 Prince Milan proclaimed Servia a kingdom.

(3) The Danubian Principalities of Moldavia and Wal'achia were formerly under Christian governors appointed by the Porte. Till 1829 these *hospodars* were Phanariots, i.e. Greeks of Constantinople: afterwards they were natives. The two principalities were granted autonomy by the Treaty of Paris (1856) and were united under one prince and called Rumania in 1861. Rumania was declared independent by the Treaty of Berlin (1878), the Dobmdja being added in place of Bessarabia which was annexed by Russia. Prince Charles (elected 1866) was proclaimed king in 1881.

(4) Before 1878 Bulgaria was merely a geographical expression. The "Big Bulgaria" proposed by the Treaty of San Stefano (1878) was much reduced by the Treaty of Berlin, which made Bulgaria, north of the Balkans, an autonomous principality under Turkish suzerainty, while Eastern Rumelia was placed under a Christian governor named by the Porte with the consent of the powers. By a *coup d'état* in 1885 Eastern Rumelia was united to Bulgaria, and was annexed in 1908 when Prince Ferdinand proclaimed his independence and assumed the title of king. (See map on opposite page).

The Balkan War and the Balance of Power

aspirants for the reversion of his inheritance. Even in the eighteenth century an Austro-Russian partition of Turkey was more than once mooted. Later, as Russia's power increased, her aims became more ambitious, and she began to dream of the possession of Constantinople and a fleet in the Mediterranean. These ambitions were twice thwarted by the other European powers—forcibly in 1856 and diplomatically in 1878. Austria herself, at least as late as 1908, when she evacuated the *sanjak* of Novibazar, had visions of an extension of territory to Salonika. England, by virtue of her Indian Empire, is the greatest Moslem state of the world, and therefore could not be indifferent to the spoliation of another Moslem power. Fear of the Russian menace on the flank of her communications with India and Australia led her, moreover, to support, as a bulwark against the northern power, first the integrity of Turkey, and then, as that became impossible owing to Turkey's weakness and misgovernment, the establishment of strong independent states on the ruins of the Turkish Empire.

Now at last Turkey has disappeared from all Europe except Constantinople and the adjacent districts. It remains to divide the still unappropriated spoil. None of the great powers can afford to allow another to acquire territory in the Balkans, and with self-denying unanimity they have recognized this fact. Turkey's only possible heirs are the existing Balkan states, but their claims are conflicting and hard to reconcile. The creation of these states was in great measure a tribute to the principle of nationality, and this principle is invoked now to justify their various territorial claims. But nationality in the Balkans is not a simple matter. We have already sketched the descent of the Slavs and Bulgars. Members of these races are to be found, not only in the two kingdoms, but scattered throughout the peninsula. These, however, do not exhaust the nationalities of this troubled land. Turks proper are in a small minority: the so-called Turks of the Balkans are mostly Moslemized members of the other races. In the western mountains are

The Balkan War and the Balance of Power

the Ghegs and Tosks, two groups of Albanian tribes, whose origin is obscure. In race and language alike they are no man's kin, and a plausible theory is that they are the descendants of the ancient Illyrians who occupied their territory before the Roman conquest. Some would even connect them with the prehistoric Pelasgi. In Greece and Epirus are the modern Greeks, who speak the language and boast the blood of ancient Hellas, mixed, however, in each case with a considerable element derived from Slav and other invaders of the past. The Rumanians represent the old Roman provincials, while scattered about in various districts are tribes of Wallachian* shepherds, who speak a Romance language, are connected with the Rumanians of the kingdom and the Morlacchians of the Dalmatian hills, and are known as Kutzo-Vlachs.

Speaking generally, Bulgars predominate in the east, Serbs and Albanians in the west, and Greeks in the south; but isolated communities of each are to be found in the spheres of the others, and Macedonia in particular is, in no metaphorical sense, the battlefield of the races. As soon as it became clear that the eventual break-up of the Turkish Empire was only a matter of time, the question of race became one of politics. Greece, Servia, and Bulgaria were each anxious to stake out claims, based on racial grounds, to the patrimony of the sick man. With this object, each tried to prove, by every means available, the predominance in numbers of their own kinsmen in the territories they coveted. In primitive societies the simplest way of converting an adverse majority into a minority is to exterminate it, and this is what the rival races too often attempted to do. Bands of Greek, Bulgarian and Servian brigands—or *komitadjis*, as they are called—roamed about Macedonia and other Turkish provinces, burning, slaying

* The origin of the name Wallach or Vlach is obscure. Some derive it from a German root, akin to our "Welsh," meaning "stranger," and think that it was the name given by the barbarian invaders to the inhabitants of the Roman provinces.

The Balkan War and the Balance of Power

and ill-treating the hapless villagers. They were ostensibly disowned by the various Balkan states, but there is no doubt that they were financed and secretly encouraged by their brethren in the kingdoms.

The question of race is complicated by that of religion. It was according to religions that the Turks themselves classified their subjects. Now that the Turk is gone, the Moslem inhabitants will presumably have to submit to the fate of the conquered and, except in Albania, accept the rule that is thrust upon them. But the Christians are not a homogeneous body. In the west there is a considerable number of Roman Catholics, thanks largely to the efforts of Franciscan missionaries from Austria. The great majority, however, belong to the Orthodox or Greek Church. Albania, it may be noted, contains representatives of all three creeds. Even the Orthodox majority is divided on racial grounds. At the date of the Turkish conquest the Orthodox Christians owned spiritual allegiance to the Œcumenical Patriarch of Constantinople, and by the tolerance of the conquerors this office was permitted to survive. In recent times, however, the Bulgarians objected to the Greek proclivities of the Patriarch, and in 1870 the Sultan of the day, quick to seize an opportunity of sowing dissension among his subjects, recognized the separate existence of the Bulgarian church by permitting the establishment of a Bulgarian Exarch at Constantinople. The strife of contending races was henceforth embittered by religious discord.

Language is another test of nationality. The Greeks speak modern Greek; the Serbs speak one Slavonic dialect; the Bulgarians another; Rumanian is a Latin language; Albanian, like every other institution of that strange race, is a thing apart. Each of the contending nations strove to establish its superiority in this test by intriguing with the Sultan for the grant of separate schools, which too often became the scenes of outrage by the rival *komitadjis*. Even distant Rumania applied for and obtained Wallachian schools for the scattered Kutzo-Vlachs of the Turkish

The Balkan War and the Balance of Power

provinces, who were taught to consider themselves not, as they had always believed, a kind of Greek, but a persecuted remnant of the Rumanian nation. The Sultan himself was always ready to throw down the apple of strife.

Neither race, religion, nor language, therefore, affords a satisfactory basis for the partition of the newly conquered territories. The rights of conquest cannot help us either. It would be unfair to allot to each state the regions which happen to be occupied by its troops, for they obviously depend on the military exigencies of the joint plan of campaign. Nor does it appear that a solution was provided by previous agreement between the allies. There was, indeed, a treaty between Bulgaria and Servia, concluded in 1912, but Servia has argued strongly that it is inapplicable to the present situation. With Greece, so far as is known, no agreement was made at all. The division of the spoil, in fact, is still to be arranged. Heated feelings have been engendered, and blood has already been shed. Whether a peaceful settlement will be reached is even yet uncertain. The main points in dispute between the allies apparently are, first, the line along which the frontier between Servia and Bulgaria is to be prolonged, and second, the question whether Greece or Bulgaria is to have Salonika, the principal seaport in the northern Ægean. Rumania, moreover, has demanded territorial compensation—it is not quite clear for what—from Bulgaria.

These questions the allies may be left to fight out among themselves. They do not closely concern any of the great European powers. There are, however, two matters connected with the settlement which do. The first is the fate of Constantinople. This ancient seat of empire commands the passage of the Bosphorus and the Dardanelles and thus controls the access of Russia to the Mediterranean. Any change in its ownership might involve far-reaching consequences, which cannot be guessed, but which are feared by all. In the interests of the Concert of Europe, therefore, it was necessary to insist that not only Constantinople, but

The Balkan War and the Balance of Power

also the peninsula of Gallipoli, should be preserved to Turkey.

The second question of European importance concerns the Adriatic coast. Both Austria and Italy were resolved not to tolerate the presence of another naval power in that semi-inland sea, which might paralyse or impede the action of their fleets in time of war. It was in pursuit of this policy that Austria, in the settlement of 1878, had appropriated the Dalmatian seaboard as far south as Spizza; and she was determined not to allow Serbia to obtain access to the sea. Serbia and Montenegro had other ideas. Both coveted a maritime outlet, and Albania with its coast-line became in consequence a bone of contention. So far as race, language or religion, or even the desires of the inhabitants themselves are concerned, the claims of the two Serb powers to Albania rest on the slenderest foundations. The Servians and Montenegrins had, however, made great sacrifices to attain their object, and invoked the assistance of Russia as a kindred Slav power. The question threatened to degenerate into a trial of strength between Austria and Russia, which might have had most serious consequences, but fortunately counsels of moderation seem to have prevailed. The Albanian question cannot, however, be said to be finally settled, owing to the peculiar character of the Albanians. Nobody has yet succeeded in governing them, and the task of setting up a civilized state in this wild country is likely to be a source of trouble to the powers concerned.

Another question which the war has raised but not settled is, What is to become of the remnant of the Turkish Empire? At the height of their power the Sultans reigned in three continents. They have already lost their hold of Europe and Africa. What will be their fate in Asia? The position of Turkey in Asia bears a disquieting resemblance to that of Turkey in Europe before the war. The home of the Turk is central Anatolia, which may be called the core of his dominion. On the western coast is a fringe of Greeks, who,

The Balkan War and the Balance of Power

like the Cretans and other islanders of the *Ægean*, may be expected to turn their eyes with increasing fervour to their kinsmen in Europe. To the east are the Armenians, who have already made some futile efforts for independence, and the Kurds, a collection of Moslem nomads of Persian descent, who have always worn the Sultan's yoke but lightly. Further south, the Turk is a foreigner in Syria and Mesopotamia, while Arabia is generally in revolt. How long will the vanquished and demoralized Ottoman retain his mastery of this heterogeneous crew, and will he be allowed to settle the problem for himself unhampered by outside interference? Russia may not be able to resist the temptation to territorial expansion along the shores of the Black Sea and the Caspian. Germany is already suspected of combining political aspirations with the construction of the Baghdad railway. England cannot afford to allow Asia Minor to fall exclusively under the influence of any great power, for the Turkish dominions in Asia are bounded on one side by Egypt and on another by Persia, in both of which interests of vital importance to the British Empire are involved. There is but too much reason to fear that before long Europe may be called upon to assist at the death-bed of another sick man.

Enough has perhaps been said to indicate some at least of the problems more immediately connected with the settlement of the Balkan war. One conclusion at least may be drawn; that is that the war has not succeeded, as is sometimes supposed, in settling all the problems of Eastern Europe. It is now time to consider the effect of the war on the general European situation, on the grouping of the great powers, and on the policy of the British Empire. If we are to do this, we must approach the subject from a different point of view, and consider first what have been in the past, and what are now, the underlying principles of British foreign policy.

The Balkan War and the Balance of Power

II

THE main preoccupation of British foreign policy is that no foreign power should become so predominant over all others as to be able to devote its whole strength, without fear of molestation from any other quarter, to the destruction of British power. The reason for this preoccupation is that the British Empire has already got as much as it requires in the way of territory and markets—at any rate, it has no desire to improve its position by an aggressive war. All that it wants is peace and security in which to develop the resources it already has and to increase the numbers, prosperity and happiness of its people. No other great power, except perhaps the United States, is in this fortunate position. Most of the important states of the world are becoming more or less rapidly industrialized, and in the process are realizing more and more the want of fresh sources of supply of the raw materials of industry, fresh markets for their finished products, and greater space for the expansion of their populations. All these things they want, but have not got, and nowhere in the world could they find ampler means for the satisfaction of these needs than in the Dominions and Dependencies of the British Crown. The British Empire, more than any other great power, is interested in keeping things as they are, and therefore in preserving the peace of the world. Great Britain has nothing to fear from the attack of a single power, but it is of vital importance to her that no power should be able to command the military strength and resources of the whole of Europe. Her policy, in fact, is, as it has been for the last four hundred years, the maintenance of the balance of power. The meaning of this principle was discussed in the last number of *THE ROUND TABLE*.^{*} Suffice it to say here that the policy is of world-wide and not of merely European application, for the preponder-

^{*} "Policy and Sea Power," *THE ROUND TABLE*, No. 10, March, 1913

The Balkan War and the Balance of Power

ance of any other power or group of powers in any quarter of the globe would be fraught with danger to every portion of the King's Dominions and Dependencies. At the present time, however, Europe contains most of the great military nations of the world, and it is therefore in Europe that the balance of power requires the most careful attention to maintain it.

The application of the principle of the balance of power depends on the quarter from which that balance is threatened. In the latter part of the nineteenth century the danger came from Russia, whose Asiatic expansion threatened the defences of India as well as the security of the neutral markets in the Far East. The Japanese Alliance was intended to balance this growing power, and the defeat of Russia by Japan, which that alliance made possible, dispelled the Russian danger, at any rate for the present. The outstanding fact of the present generation, however, has been the rapid growth of German power. It began with the consolidation of the disunited German states of central Europe into one great Empire, after crushing defeats had been inflicted in turn on Denmark, Austria and France. The empire thus formed then fortified itself against the jealousy or revenge of its European neighbours by means of the Triple Alliance with Austria-Hungary and Italy. Not content with the predominant position thus secured in Europe, Germany next aspired to assert her influence and protect her interests in other quarters of the globe, and with this object embarked on a gigantic and still unfinished programme of naval construction. To restore the balance of power, which this active policy had to some extent disturbed, the remaining great powers were driven to take concerted action. France and Russia contracted the Dual Alliance, the strength of which, however, was seriously impaired by the defeat of the latter in the Russo-Japanese war of 1905. In 1905, when the resignation of M. Delcassé as foreign minister was forced on France, and again in 1908, at the time of the Balkan crisis of that year, the Dual Alliance sustained humiliating

The Balkan War and the Balance of Power

diplomatic defeats at the hands of the Triple Alliance. The balance of power was in serious danger, and, as it is essential to her security that France should not be crushed,* England was compelled to engage herself more and more in supporting the Dual against the Triple Alliance. The Triple Entente came into being, and it is generally understood that, at the time of the Agadir incident of 1911, England was prepared to assist France and Russia in case of war, not only with her fleet, but with an expeditionary force on the Franco-German frontier.† The question now is whether any new features have been introduced into the European situation, either by the Balkan war or by other recent events, which call for any change in British policy.

The most obvious question is, What will be the position in European politics of the states of the Balkan League? They have succeeded in combining effectively for the destruction of their secular common foe. Now that he has disappeared, will the combination survive? Certainly in the past they have not always been a happy family, and hardly any two of them have always been friends. Servia declared war on Bulgaria in 1885 for practically annexing Eastern Rumelia, and is shrewdly suspected of having at one time instigated rebellion in Montenegro. Rumania broke off diplomatic relations with Greece on the question of the Kutzo-Vlachs in Turkey, and has recently had an acrimonious discussion with Bulgaria over a rectification of her frontier. The reprisals of Greek and Bulgarian bands in Macedonia strained the relations of the two kingdoms, and in

* Contrast the following: "In one way or another, *we must square our account with France* if we wish for a free hand in our international policy. This is the first and foremost condition of a sound German policy, and since the hostility of France once for all cannot be removed by peaceful overtures, the matter must be settled by force of arms. France must be so completely crushed that she can never again come across our path." Von Bernhardi, *Germany and the Next War*, Chapter V. Of course it would be misleading to assume that expressions of private opinion like this accurately represent the policy of foreign governments.

† See "Britain, France and Germany," *THE ROUND TABLE*, No. 5, December, 1911.

The Balkan War and the Balance of Power

1897 Bulgaria remained neutral in the Græco-Turkish war. We cannot dismiss the matter by saying that all the Balkan peoples are of one race—even if that were true, which it is not—and therefore must combine. In character, no less than in race, there are in fact considerable differences between the various Balkan peoples. The Greek is one of the most successful traders of the Levant, that marketplace of sharp wits. Supple, persistent and intriguing, he is still the *Græculus esuriens* of Juvenal. The Servians, who have been called the French of the near East, are a volatile and emotional race, more suited to agitation than to serious work. The Albanians are, to all intents and purposes, uncivilized. The Bulgarians are a race of steady and slow-witted peasants, who have been called the Prussians of the East. Rumanian society differs from that of the other states in still possessing a native aristocracy such as elsewhere disappeared under the Turkish domination. Moreover, the Balkan powers are but children in the family of constitutional states. They have the forms, but hardly yet the spirit, of democratic institutions. What King Ferdinand or M. Venezelos thinks or wishes is of more practical importance than the vague aspirations of thousands of the people they govern, and it is a noteworthy fact that the rulers of three out of the five states of the peninsula are not drawn from the races over which they reign. The Kings of Rumania and Bulgaria are Germans, the King of Greece is a Dane. The policy of countries thus governed is more likely to be dictated by expediency than by sentiment.

Whether enlightened self-interest will lead the Balkan states towards or away from a policy of closer union it is hard to say. On the one hand, economic interests and the fear of external aggression may bind them together. On the other hand, disputes over the division of the spoils of war may do the opposite. The lesser states, moreover, may well fear that too close a friendship with a more powerful neighbour may result in virtual subordination, and one or

The Balkan War and the Balance of Power

more of them may even be led to look outside the peninsula for alliances to counterbalance an adverse combination nearer home. No one can be certain, but the prospect of a continuance of the Balkan League is at any rate doubtful. Even if it were maintained, its importance in European politics can easily be exaggerated. The League has emerged victorious from a bloody war with a great increase of territory and prestige. But the cost has been tremendous. The loss of men has been huge in proportion to population, and, even allowing for the fact that the Balkan countries have hardly outgrown a primitive stage of economic organization, one cannot doubt that they will be crippled financially for a considerable time. While their armies are still mobilized they are undoubtedly dangerous to one another, but when once peaceful conditions have been restored, it is pretty certain that the task of recuperation will occupy for a long period all their energies and attention, and they are not likely to occupy an important place in European politics in the near future. Certainly the idea that they will all follow obediently, like "little brothers," in the train of Russia, as the head of the Slav family, may be dismissed as chimerical. They have all had occasion in the past to rue the too brotherly interest which Russia has taken in their internal affairs.

Connected with the question of the future action of the Balkan states is the problem of Austria-Hungary.* This extraordinary Empire is held together by one of the most remarkable and delicate systems of checks and balances that the world has seen. The union of the Monarchy was largely the result of Turkish pressure in the past; it may be held together by Russian pressure in the future. One of the main objects of the system is to maintain the joint

* The effect which any change in the Balkan situation might have on Austria was discussed in an article on "The Balkan Danger and Universal Peace" in *THE ROUND TABLE*, No. 6, for March, 1912. It may be interesting to refer to that article in order to recall the opinions then held as to the situation which has since arisen.

The Balkan War and the Balance of Power

supremacy of the Germans and Hungarians, and to secure this the vast conglomeration of miscellaneous races which compose the rest of the Empire is kept to a great extent in a position of political inferiority. Included in this mass are some 6,000,000 southern Slavs, closely connected in race and language with the Serbs of Servia and the rest of the Balkan peninsula. They inhabit mainly southern Hungary, Croatia, Slavonia, Bosnia and Herzegovina, their northern boundary being roughly the River Drave. Consequently they are in close touch with their kinsmen across the frontier, and the victories of the war must have given a great impetus to the feeling of Servian nationality. The Austro-Hungarians have a good deal of experience of maintaining their authority over other races, and the southern Slavs have not hitherto shown much aptitude for successful political action. It would be too much to say that there is at present any very serious danger from the movement for incorporation with Servia, but it cannot be denied that the new situation has added materially to the anxieties of the Dual Monarchy.

It is impossible to say how the danger, which undoubtedly exists, of a Pan-Servian movement will be met. One conceivable line of action is that the Monarchy should try to conciliate the Slavs of Austria-Hungary by what is known as *Trialismus*. That is to say that, by a revision of the constitution and a rearrangement of the component states, the present dual system should become tripartite. To the two races, German and Magyar, which at present control the Empire, the Slavs should be added as another partner. The eagle with two heads should acquire a third. In this way the Monarchy would assume a definitely Slavonic colour, and might even aspire to an hegemony of the Balkan states. This, however, would be an heroic policy, and there are countless difficulties to be overcome before it can be seriously considered. For one thing it does not provide for the northern Slavs—the Czechs of Bohemia and the Poles of Galicia—who are separated from their

The Balkan War and the Balance of Power

southern kinsfolk by a non-Slavonic belt of Germans, Magyars and Wallachians.

Another conceivable outcome of the present situation might be that Austria, ground between the upper and nether millstones of the kindred Slavonic powers of Servia on her southern and Russia on her north-eastern frontier, might be compelled, or in despair decide, to abandon the task of controlling her Slav population, and fall back upon the support of her kinsfolk and allies in the German Empire. In such a step the Germans of Austria might perhaps carry with them the Magyars of Hungary, another ruling race which could not afford to stand alone against the rising tide of Slavonic expansion. The Slavs of Austria-Hungary would then either have to form a new state or enter into some combination, the vaguest outline of which cannot yet be imagined. All this is a dream, the fulfilment of which no man can prophesy. Its possibility, however, cannot be overlooked in an attempt to guess the line of future development.

Turning now from the particular cases of Austria and her Balkan neighbours, let us consider how recent events have affected the position of the Triple Alliance as a whole. If we wish to know Germany's view we cannot do better than quote from the speech of the German Imperial Chancellor in the Reichstag, when discussing the new Army Bill. He said:*

One thing remains beyond doubt: If it should ever come to a European conflagration which sets *Slaventum* against *Germanentum*, it is then for us a disadvantage that the position in the balance of forces which was occupied hitherto by European Turkey is now filled in part by Slav states. . . .

The racial antagonisms between Slav and German will not by themselves lead to a war between us and Russia. We, at any rate, shall never stir up such a war, and I do not believe that those who at present hold power in Russia will ever do it. It is, however, as well known to the Russian statesmen as it is to us that the Pan-Slav currents, about which Bismarck even in his day complained, and

* *The Times*, April 8, 1913.

The Balkan War and the Balance of Power

which caused him uneasiness, have received a powerful stimulus from the victories of the Slav states in the Balkans. Bulgarian victories over the Turks have been celebrated in these quarters as victories of the Slav idea in contrast with the Germanic idea. Together with the real conflicts of interests, these tendencies have contributed to the tension which has prevailed this winter between Austria-Hungary and Russia. I need not refer to the excited controversies between a part of the Russian and the Austrian press. In these passionate disputes we hear the echo of old differences which the Balkan problem has caused to arise between Austria-Hungary and Russia. As loyal allies of Austria-Hungary, we endeavour as far as possible to mitigate the tension, but that does not allow us to bury our heads in the sands. For, as I need not insist, we preserve our loyalty as allies not only within the range of diplomatic mediation. Because of the new and acute revival of racial instincts, the alteration of the politico-military situation which has arisen from the Balkan war acquires an increased significance. We are compelled to take it into account when we think about the future. . . .

. . . They had now [he continued] to consider the whole grouping of the powers. He was convinced of the great value for peace of the Triple Alliance, which had been renewed and was as solid as ever, but even with the Triple Alliance and precisely as that power of the Triple Alliance which was most advanced towards east and west, Germany was, like no other country, "wedged in between the Slav world and the French." . . .

. . . In Russia there was a most marvellous economic development of the giant Empire with its inexhaustible natural resources, and an army reorganization such as Russia had never known, as regarded the excellence of material, the organization and the speed of conversion from peace to war strength.

It will be seen that Herr von Bethmann-Hollweg referred to three grounds for German uneasiness: first, the downfall of Turkey in Europe; secondly, the stimulus given by the war to "Pan-Slav currents"; thirdly, the growth of Russian power.

The Turkish military power, as we can now see, would not have been of much use to her friends in a European conflagration; while on the other hand the Balkan states, as already pointed out, are not likely, owing to their mutual dissensions and the exhaustion of the war, to be an important factor in European politics for some time to come. Still, there is no doubt that Germany did count on some

The Balkan War and the Balance of Power

assistance from Turkey in time of need,* and Austria-Hungary undoubtedly regards the Balkan League with apprehension; so that the changes in the situation directly caused by the war, for what they are worth, are adverse to the Triple Alliance.

As regards the second point, there has undoubtedly been a growth of Pan-Slav feeling in Russia. The Russian government is evidently anxious for peace, but, in spite of its despotic character, it is peculiarly liable to be carried away by gusts of national feeling, and it has already found it advisable to issue a statement pointing out "the importance of the service rendered by Russia towards the Balkan states." It is difficult to estimate the strength of this kind of national sentiment, but it must be taken into account as an element of danger in the situation.

The growth of Russian power, and the change in the European situation brought about by the war, were the two arguments used by Herr von Bethmann-Hollweg in commending the new army budget to the Reichstag. That measure, however, though published only in the spring of this year, must have taken a long time to prepare, and the policy must therefore have been practically settled before the war even began. The inference is that it was not so much the war as the rapid recovery of Russia from her troubles of a few years back, that mainly inspired this measure.

We have now discussed in the light of recent events what may be called the political side of the international situation. It remains to compare briefly the military forces and methods by which the great powers may be expected to support their various policies. For diplomatic questions are not settled by principles of charity or equity, and a correct estimate of contending forces is essential to a successful policy.

* "She [Turkey] is our natural ally. . . . The wisest course would have been to have made her earlier a member of the Triple Alliance." (*von Bernhardi, loc. cit.*)

The Balkan War and the Balance of Power

III

THE German army budget provides for an initial expenditure of £52,500,000, and an additional annual outlay of £9,000,000. The official explanation of the estimates submitted to the Reichstag is as follows:

By reason of the events which are taking place in the Balkans the balance of European power has been shifted. In a war which might be forced upon her Germany has possibly to protect against several enemies frontiers which are extended and by nature to a large extent open. In consequence of the alterations that have taken place it is to-day more than ever our supreme duty to make this defence as strong as our population allows.

The strength of our army has not altogether kept pace with the growth of our population. Some part of our population that is capable of bearing arms remains at present untrained. Universal service is, however, the best proved basis for the strength of Germany. Only if it remains a reality can we look to the future with the sure feeling of duty done and of firm confidence. In that case, moreover, the army remains young and we are not compelled in the event of war to send the older classes—men with wives and children—at once and in the front line against the enemy while young and serviceable men stay behind and have to be trained for the first time when the peril is upon us.

The main idea of the bill is, therefore, the development of universal service according to the extent of population.

The new proposals seem to have two main objects: first, an increase in peace cadres and the formation, in peace time, of units which previously were only to be raised on mobilization; secondly, a considerable addition to the fortresses on the Russian frontier. The result of the first proposal is not to augment, to any great extent, the total number of troops which Germany could put in the field, but to increase the numbers maintained with the colours on a peace footing, and thereby greatly to improve their efficiency and make them more quickly available in time of war.

The French Army bill, which is the answer to the German bill, provides for an immediate outlay of about £3,000,000,

The Balkan War and the Balance of Power

and a further expenditure of £16,800,000. This money is to be spent partly on fortresses and partly on improvements in the artillery and aeronautical services. The main feature, however, is the proposed extension of the period of military service to three years. This measure, like the German bill, is designed to increase the peace establishment, rather than the total numbers, in such a way as to leave the relative situation much as before.

The most interesting point, especially so far as future developments are concerned, is the difference in the method of obtaining similar results. The Germans for some years have made a less severe call on the manhood of the nation, and they can therefore obtain their increased peace strength by taking a larger yearly proportion of the available men, leaving the length of service with the colours unaltered. On the other hand, the French have been taking into the army practically every man they could, and were consequently unable to increase their peace strength except by lengthening the period of service. Under the new proposals, therefore, France will be arming very nearly to the utmost possible limit, whilst Germany is not making the same effort, and can still produce larger numbers. Another interesting feature is that both the German and the French War Offices seem deliberately to have preferred an increase in efficiency to an increase in gross numbers. Modern continental armies are already so huge that the problem of handling them is one of growing difficulty.

We must remember that a nation's military strength cannot be estimated solely by the number of battleships or army corps which can be employed. Financial resources, the degree of direct and organized control exercised by the Government over the various services of the State, the relative positions of frontiers and fortresses, the topography of the tracts of country available for operations, as well as the efficiency and spirit of both the men and their leaders, have all to be considered. It is, moreover, very difficult to estimate the number of men which any power can really

The Balkan War and the Balance of Power

put in the field.* Figures of army corps seem to bear little relation to the number of trained men available. Lastly, war is not an exact science, and anything may happen. Few things are more misleading than "arithmetical warfare."

With this proviso, it is interesting to consider what would be the probable developments in the early stages of a war between the Dual and the Triple Alliance, should such a catastrophe unfortunately take place. In what follows it is assumed that Germany or Austria-Hungary, as the case might be, could count on the help of the other members of the Triple Alliance, and that France and Russia would similarly support one another, though it must be remembered that the exact circumstances in which the various powers are bound to assist their allies are not publicly known.

It is clear that a war on land between the Triple and the Dual Alliance would be waged in two distinct theatres of operations. The Triple Alliance, wedged between France and Russia, must face both ways. On the eastern side the problem for Germany and Austria-Hungary consists in deciding what number of divisions must be employed against the Russian troops and what number must be kept to watch, or, if necessary, act against the Balkan states. The action of the latter, as pointed out above, is quite uncertain; but this very uncertainty may prove a trouble to Austria-Hungary. Moreover, the composition of the Austro-Hungarian army, containing as it does so large a proportion of Slavs, makes it difficult for her to count with certainty on employing her forces against either Russia or the Balkans in accordance with

* The total number of men available cannot be put into the field by any continental nation. In order to be efficient in the field, men must be organized into formations, capable of movement and complete with artillery, etc., and means of supplementing ammunition and supplies. Moreover, certain industries, the railways, postal and other services, must be kept effective, internal order must be maintained, the elder men are best excused the first heavy fighting, and, lastly, an organization must exist to replace the casualties in the field armies. As an example it may be mentioned that Germany on mobilization has some one and a half to two millions of available trained men who are not included in any of her effective field armies.

The Balkan War and the Balance of Power

purely strategical needs. Probably, therefore, she could not dispose of more than half her army for direct action against Russia, and Germany would have to make up the balance required. What this balance would be it is difficult to say. It must be remembered that the Russian arrangements for mobilization and concentration are probably not so complete as those of other powers, and she would not be able to exert her whole strength in the first few weeks of war. Moreover, the new fortresses contemplated by the German Army bill are presumably intended to hold back a Russian advance. The German General Staff has indeed been credited with the plan of first hurling their armies on France to crush her, and then hastening back to meet Russia. The plan is enticing on paper, but war is so uncertain, and the mere transportation problem is so difficult, that it is hardly likely to be adopted. On the whole it is probable that Germany would have to detach a very considerable force to guard her eastern frontier.

The position of Italy, the third member of the Triple Alliance, is somewhat uncertain. She is sometimes supposed to be a rather lukewarm partner, and her relations with Austria have certainly not always been as cordial as they might have been. She is, besides, now engaged in a military adventure in Tripoli, from which she could not withdraw, and may become further involved in Albania. Probably therefore she could not act against France with either the strength or the vigour which would be desired in Berlin. It is even possible that her attitude might be so doubtful as to compel Austria to detach troops to watch the Italian frontier. France, of course, would have to do so in any case.

In the western theatre of operations, according to instructed opinion on the continent, it appears that, after allowing for the force required to make up the balance against Russia on her eastern frontier, Germany could still put in the field a somewhat greater number of troops than France. Everything seems to indicate that Germany would attempt to take the offensive against France. Such a course

The Balkan War and the Balance of Power

is in accordance with all the teaching of the German General Staff, with such preparations as are known, and with the strategical necessities of the case.

An examination of the French frontier from Luxemburg to Switzerland, a distance of 140 miles, shows the difficulty of a German direct attack.* Of this extent only some forty miles are not fortified. From the Swiss frontier to Epinal runs one practically continuous line of fortifications; north of Epinal is a gap of twenty miles to near Toul, whence another line of forts continues to Verdun, which is about twenty miles from the Belgian frontier. If, therefore, Germany were to attack France across the frontier actually common to the two countries she would have an almost impossible task, or at least a dreadfully costly one, in forcing this line and in employing a mass of probably well over a million men in a space of 140 miles. If the Germans consider that they cannot go through, they would certainly try to get round; and it is hardly likely that the rights of smaller nationalities would be held sacred by either side if there was any advantage to be gained by violating them.

If the actual Franco-German frontier is to be turned, it can only be done by crossing the territory of either Switzerland or Belgium, or possibly of both. An advance through Switzerland must move south of the French quadrilateral, Belfort-Besançon-Dijon-Langres. If made in considerable force, it would be dangerous to France, as it would cut the northern French armies off from the supplies and support of southern France, but it would be liable to utter disaster if defeated, owing to the presence of the above-named quadrilateral on its flank. On the whole, if we consider the nature of the country and the probable attitude of the Swiss themselves, a German advance in force through Switzerland seems possible but doubtful.

The violation of Belgium by Germany, however, stands on quite a different footing. It may be regarded as a practical certainty in the event of war. The map shows how the small

* See map facing.





The Balkan War and the Balance of Power

point of Holland which includes Maastricht protects the north and north-east sides of Belgium. If only Belgium is to be violated the German armies must cross south of Maastricht. Some years ago the Germans completed a series of detrainig stations on their railways close to the Belgium-Luxemburg frontier. These miles of sidings deal with no traffic in peace time; they can only be meant to teem with troops in war. An advance across Belgium and Luxemburg, north of Verdun and south of Maastricht, turns the French frontier fortresses and leads direct on Paris. From the southern frontier of Luxemburg to the defences of Liège in Belgium is a distance of about seventy miles, and a turning movement by superior German numbers through this opening would place France at a considerable disadvantage.

The attitude that might be adopted by Belgium in such a war is therefore a matter of great importance to France. If Belgium is actively with Germany the fact will be worth far more to the latter than merely the addition of the Belgian field army to her strength. In the first place no detachments would be required, such as would be essential in a hostile country. In the second place the German advance would gain enormously in rapidity and freedom of movement if all the administrative facilities of the Belgian Government were placed at its disposal. On the other hand, French action in Belgium would be correspondingly hampered. If Belgium were definitely ranged on the side of France, the position would be reversed. If Belgium remained neutral, the difficulties in the way of the German advance, though greater than in the first case, would not be insuperable. Unaided, Belgium would not be able to protect her territory from violation. Liège, which is indifferently garrisoned in peace, might be "jumped" very early in the war, and with that place held or masked, the German armies could secure their flank by masking Namur and the bridge-heads over the Maas. Indeed, there is a considerable body of Belgian opinion which holds that in her own interests Belgium should treat

The Balkan War and the Balance of Power

all the country south of the Sambre and the Maas as a sort of no-man's-land where the bigger powers can fight it out among themselves. Unable to protect herself unaided, no wonder Belgium wishes to sit on the fence and side with the winner.

There is a further point to be considered. It is possible that Germany would make the turning movement through Belgium on an even wider front than we have supposed. She might wish to march troops through the space between Liège and Antwerp; to do this she must pass through Holland. In that case Dutch, as well as Belgian, territory would be violated; and the same considerations as have been pointed out in the case of Belgium would apply.

What will be the position of Great Britain in this hypothetical Armageddon? It is quite clear from the statements of Ministers that she is under no treaty obligation to intervene in a European war, and this fact is a great safeguard of peace. It is, however, essential to her security at the present time, as has been pointed out above, that France should not be crushed, and the foregoing analysis of the military situation goes to show that without British assistance France, even if backed by Russia, would probably be in a position of inferiority in a war with the Triple Alliance. If it was decided that help should be given, the form it would take would depend on circumstances. England is primarily a naval power, and the greatest assistance she could give France would be that of her fleet. This would be of immense value. It would at once neutralize the German naval superiority, would prevent a blockade of French ports, and would keep open France's communications with her African garrisons. If Germany violated the territory of Belgium or Holland or both, the British fleet could bring powerful indirect pressure to bear by cutting off supplies from Dutch and Belgian ports. Indeed, the importance to Germany of receiving supplies through neutral ports might be so great that the fear of such a blockade might of itself deter her from violating the neutrality of

The Balkan War and the Balance of Power

Holland, though for the reasons given above it would hardly suffice to protect Belgium.

Naval action in itself, however, is not sufficient to decide a European war. Trafalgar was followed by Austerlitz and Jena, and England had to undertake the Peninsular war before she was secure from the domination of Napoleon. It might be that in spite of the British fleet Germany would persist in crossing the Belgian frontier, and Great Britain would be faced with the question of assisting the other members of the Triple Entente with an expeditionary force. As we have seen, Belgium is the key to the French defence. A British expeditionary force of six divisions would certainly not be a negligible factor in that defence, especially as its presence would probably decide Belgium to throw in her lot with France, with the result that for every British soldier landed a Belgian would be found fighting by his side. It is to this point, therefore, if at all, that British reinforcements would probably be sent; and it must be borne in mind that, if help so given is to be of any real use in assisting France or influencing Belgium, it must be given at the beginning of the war.

But Great Britain has an even more vital interest in the defence of Belgium and Holland. If she stood aside, these two countries might be compelled to side with Germany, and the probability of a French defeat would be increased. The result of such a war would probably be the establishment of a German domination in the Low Countries, even if they were not actually annexed. The Scheldt is 300 miles nearer England than Wilhelmshaven, and the Dutch and Belgian coast might be turned into a formidable base for naval operations against Great Britain. The balance of power would be permanently upset, and Britain's naval supremacy would be gravely imperilled.

To sum up, Great Britain is not committed to intervention in a European war in any shape or form. There are, however, circumstances in which she might find it necessary

The Balkan War and the Balance of Power

to take part, certainly with her fleet, and possibly also with her expeditionary force, in order to maintain the balance of power. Readiness for such a necessity is the best safeguard of international peace.

One other point. When the question of British intervention in Belgium is mooted, it is commonly objected that, owing to the fear of invasion, we cannot spare our regular army abroad. In such a land war as we have been discussing, an invasion* in force of Great Britain is, to say the least, unlikely at any time near the beginning of hostilities. For one thing, Germany, at war with both France and Russia, might not have enough good men to spare; for another, the presence of the British fleet would make the attempt too risky. In any case, the prompt dispatch of the expeditionary force would probably be the best means of preventing an invasion. Raids stand on a different footing. If by sacrificing, say, 10,000 men within about six days of the outbreak of war Germany could delay or prevent the dispatch of the whole British expeditionary force, she would bring off a strategic stroke of the greatest value to herself. She would thus prevent a very large force acting at the decisive time and place by means of a quite immaterial loss. Raids of this kind would therefore have to be expected, but they ought not to achieve their object of compelling England to lock up her army at home. In this case, too, the offensive is the best defence. It is not, of course, suggested that a home army is not required. Such an army is essential to garrison the naval ports, repel raids, replace the casualties in the expeditionary force or reinforce it, preserve order and confidence, and last, but by no means least, to protect Imperial interests in other quarters of the globe. The British military problem must never be looked at through purely European spectacles.

* A great deal of confusion has arisen in discussions of this subject because of a lack of appreciation of the distinction between a "raid" and an "invasion." A raid is a small force of, say, 5,000 men, meant to cause alarm or despondency. An invasion is a large armed force, properly equipped, meant to subdue and conquer the country. The whole question is understood to be now under consideration by a sub-committee of the Committee of Imperial Defence.

The Balkan War and the Balance of Power

IV

WE have now done what we set out to do, and surveyed rapidly the effect of recent events on the balance of power. The upshot seems to be this. So far as Germany is concerned, certain hopes, based on the possibility of Turkish aid, have been frustrated. The support which Austria could give her in case of war has become more doubtful. Russia is recovering from her defeat by Japan, and is once more becoming formidable. France is increasing her military preparations. But all these things have only spurred Germany to fresh efforts. In the race for military superiority she can go faster than Russia, and further than France. With her allies she is still the strongest power in Europe. France has to some extent shot her bolt, and can do no more than she is doing. German preparations, both naval and military, have not yet exhausted her resources. Russia's strength is growing, but more slowly, and the next few years will therefore be a period of great anxiety. It is clear that the balance of power is still inclined against the Dual Alliance, and that, if equilibrium is to be maintained, Britain cannot yet afford to depart from her present policy of supporting the Triple Entente.

Circumstances, however, may change—are, in fact, changing so rapidly from day to day that no man can tell what is going to happen. We have been discussing the situation mainly in terms of the military forces of the various powers. But changes are also taking place in their respective naval strengths. Her efforts to improve her army may distract Germany's attention from naval development, and there is no doubt that Russia is spending huge sums on a new fleet. It may well be—though it would be idle to prophesy one way or the other—that in a few years time the balance of power will be threatened, no longer by Germany, but by the advancing strength of Russia. The chief danger then would be no longer the

The Balkan War and the Balance of Power

German menace in the North Sea, but the Russian advance in Asia Minor, Persia or northern China. If Russian fleets were to appear in the Mediterranean, the Persian Gulf, or the Pacific, the problem before the British Empire would be completely changed. The balance of power would still have to be maintained, but the methods of doing so would be very different. All we can say now is that this danger has not yet arisen, but that it behoves our statesmen to be alert to see and meet any new developments.

There is one feature of the situation which must not be overlooked, for it is the only pleasant one. Allusion has been made to the self-denial of the great powers in not attempting to use the Balkan trouble for the purpose of securing individual advantages. It is this fact which has made it possible to keep the peace of Europe, and it is satisfactory to note that, according to the united testimony of both English and German statesmen, nothing has contributed more to this result than the sincere and hearty co-operation of these two powers. It is foolish to impute—as is too often done—unworthy motives or hostile intentions to the statesmen of other countries. On the other hand, it is blindness to suppose that the best of goodwill can alter the fundamental facts of national rivalry.

MINISTERS AND THE STOCK EXCHANGE

I. THE FIRST PERIOD

THE "Marconi Affair" may be a very trivial episode, or it may not; but since during the past three months it has engaged public interest to a greater extent than any other matter within the political sphere, it seems necessary that an attempt should be made to give some account of what has happened. It is always exceedingly difficult to deal fairly with current controversies; and the difficulty of doing so is immensely increased when, as in this instance, the controversy is one which affects personal character. And if it is difficult to deal fairly, it is still more difficult to produce the *impression* of fairness, even when the criticism itself is just, and when the intention of the writer is entirely free from malice. For to those who are criticized, and still more to their friends, the animus of the partisan is the first and most natural explanation of every unfavourable opinion which may be expressed. Consequently it has occasionally happened in the past that the selfsame article in THE ROUND TABLE has been condemned by members of both political parties on the selfsame ground,—that it was obviously inspired by the prejudice of a political opponent!

There are two ministers and one ex-minister whose transactions it will be necessary to consider in this article: the Chancellor of the Exchequer, Mr Lloyd George; the Attorney-General, Sir Rufus Isaacs; and the late Chief

Ministers and the Stock Exchange

Whip, Lord Murray, who until recently was known as the Master of Elibank. These three gentlemen are not merely political allies, but very close personal friends, and this fact is not without its bearing on the case. Lord Murray was one of the shrewdest Whips who ever served a political party; and as he is also a man of kindly disposition and one who always treated his opponents with courtesy, he is well regarded on both sides of the House. Sir Rufus Isaacs has won his way by sheer ability and character to the head of the English Bar. He is not merely admired for his exceptional abilities in a vocation where great intellectual endowments are by no means uncommon, but is respected and trusted for the unblemished integrity of his character by a profession which is disposed to carry strictness to the verge of severity. And with most of us the good opinion of those with whom we have worked, and against whom we have contended from the first early struggles of youth on through the best years of our life, is an incomparably more precious possession than the estimate formed of us by the world outside—a world which knows our virtues and our faults only by repute and at second-hand, and which judges men as a rule, not over the whole course of their conduct, but on some particular incident which at a dramatic moment has happened to come within the circle of the limelight. Mr Lloyd George stands in a different position from either of the other two. As much as any man at present living in England, perhaps even more than any, he has excited political admiration and repulsion; but even his bitterest enemies, except when they are maddened and blinded by their animosity, will grant him three qualities that are among the most admirable which a public man can possess,—sincerity in the reforms which he has advocated, a remarkable warmth of human sympathy, and a courage which is one of the rarest attributes of the party politician.

The "Marconi Affair" has already created a literature of formidable dimensions. Everybody, except Lord Murray, who happens to be in some remote part of the South American Continent, has told his story with an unfettered

The First Period

prolixity reminiscent of that famous epic, *The Ring and the Book*. But after all that has been said, some things of a purely financial character still remain vague and uncertain for want of further information; while others again are of a kind upon which the casual reader of the reports does not feel himself competent to form an opinion without assistance from some tribunal, expert or otherwise. With such matters as these this article is not concerned. There is no intention of attempting here to penetrate anything which is obscure, but only to offer a brief account of the various steps of the "affair," and to comment upon a few things which are already as plain as they can ever be, and which also, as it happens, are of the highest importance.

Ever since the beginning of the year 1910 certain *pour-parlers* have been going on between the British Government and the Marconi Company for the installation of a chain of wireless stations throughout the Empire—a thing which was unanimously agreed by all responsible persons at home and in the Dominions, to be in the highest degree desirable. These negotiations, however, did not get to real grips until the autumn of 1911; the tender of the Marconi Company "in general terms" was not handed to the Post Office until February 13, 1912; and it was not accepted by the department until March 7 following. Most of the important terms of this tender were immediately published in the press at the instance of the Marconi Company.

The First Period began at this date—February, 1912. Roughly speaking, it may be said to have lasted until the early days of August in the same year, when the Postmaster-General made a statement to the House of Commons and announced that for various reasons the Government would not ask for the necessary Parliamentary ratification of the final agreement which had been provisionally signed by the Post Office on July 19 until after the recess. The chief reason for delaying the discussion until the autumn was that a vigorous and apparently substantial opposition

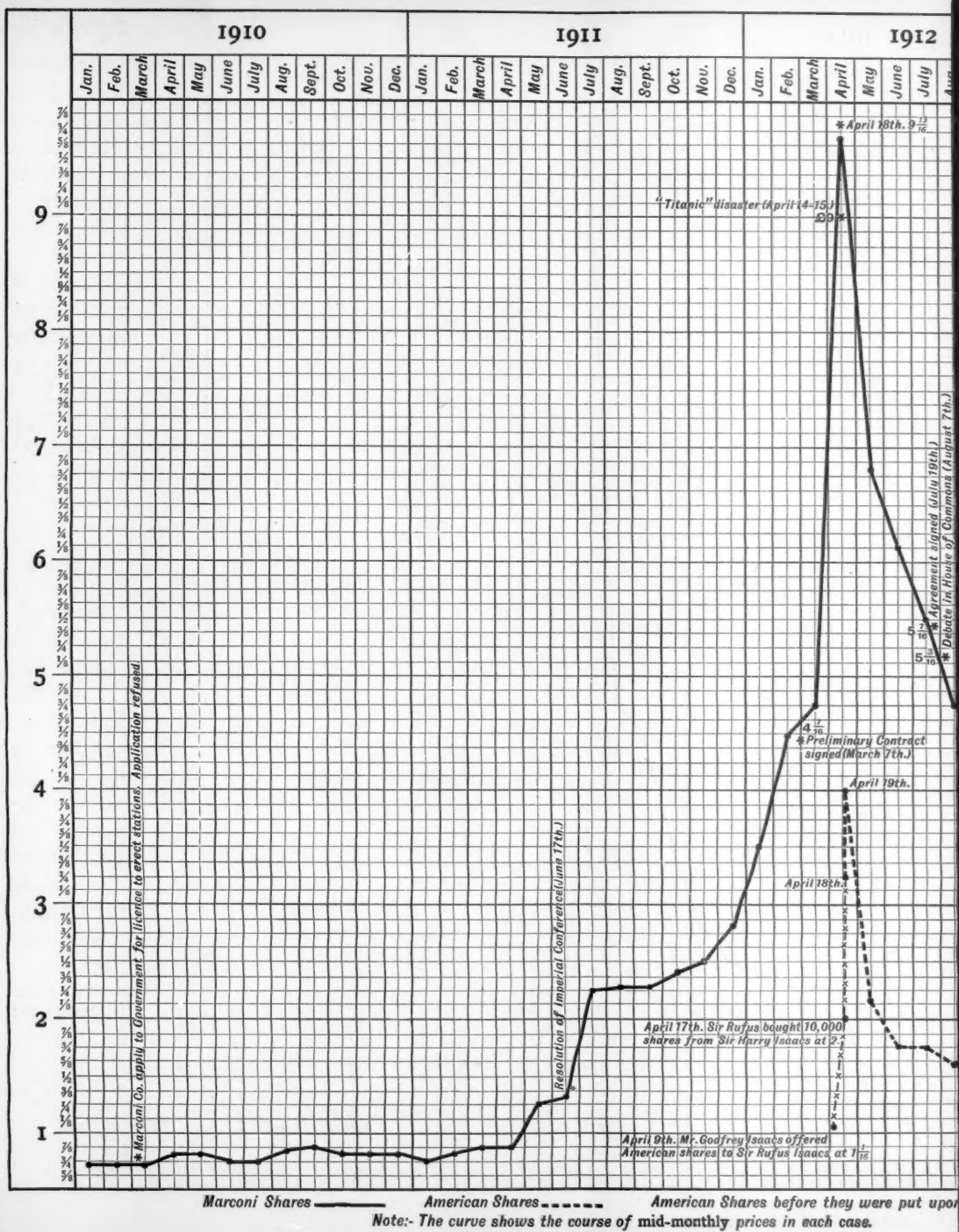
Ministers and the Stock Exchange

to the contract had developed during the spring and summer in various quarters. On this ground it was finally decided, though not without considerable pressure from both sides, that a matter of such importance ought not to be debated and hurried through at the fag end of an arduous summer session and on the very eve of the holiday adjournment.

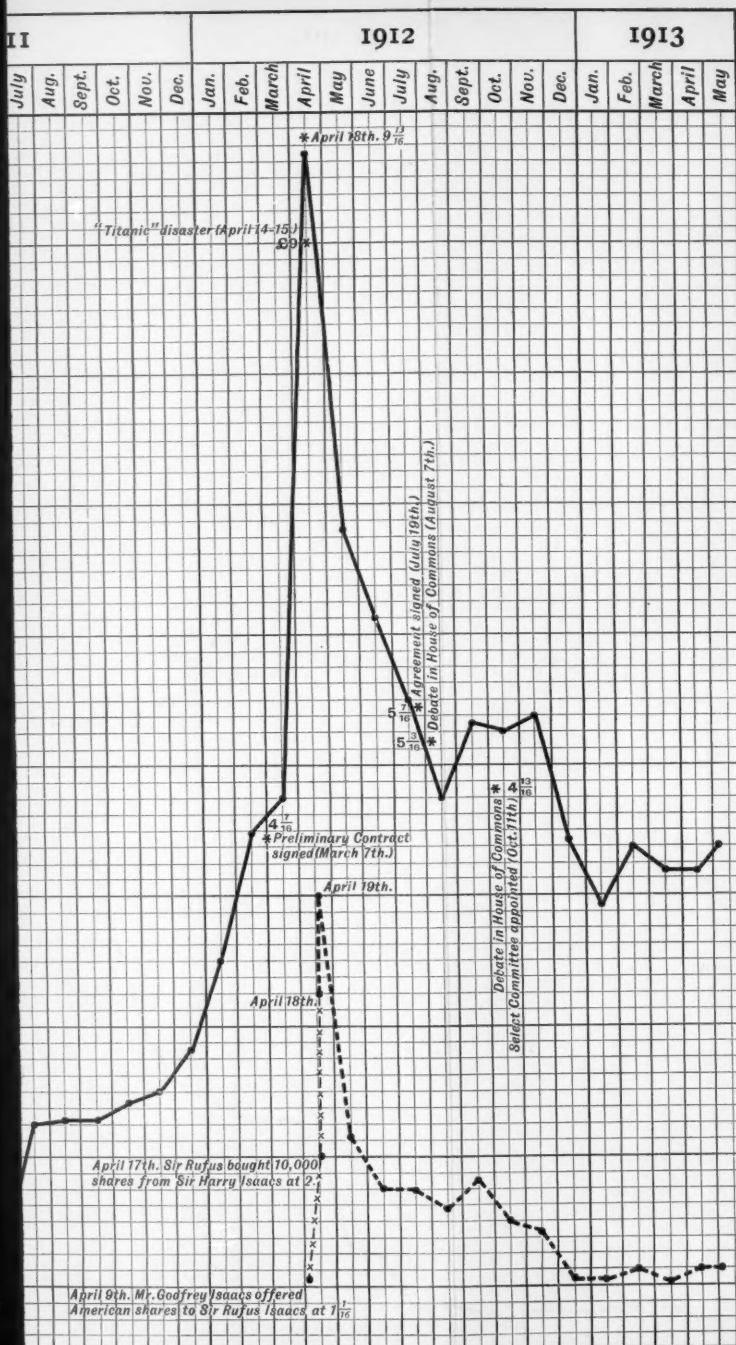
During this period criticism was confined within comparatively commonplace limits. The real or supposed demerits of the Marconi system were attacked. The terms of the contract were alleged to be too favourable to the company. The Post Office was accused of having shown stupidity in allowing itself to be got the better of in a bargain by shrewd financiers. It was alleged that rival inventors had been treated with unfairness. Complaint was made of the long delay—over four months—which had elapsed between the time when the tender was accepted and the date when the contract was at length submitted to the House of Commons. It was also suggested that the time chosen for submitting it was the result of a deliberate and crafty calculation, and that at the jaded end of a peculiarly exhausting session its promoters had hopes of smuggling it through unobserved. And there were other criticisms of a more bitter though not perhaps of a more serious character. It was urged that there was grave impropriety in Mr Godfrey Isaacs, the managing director of the Marconi Company, having conducted negotiations with the Government, seeing that he was the brother of the Attorney-General, and that his relationship with that high official might very well have unconsciously influenced the Post Office in his favour.* It was also urged that after the signing of the tender “in general terms” there had been a violent and discreditable gamble in Marconi shares which the Government had it in its power, in some way or another—presumably by some public statement—to have put a stop to had it chosen to do so.†

* Precisely the same criticisms were urged in 1900 against Mr *Arthur Chamberlain's* contract with the government in which his brother, Mr *Joseph Chamberlain*, was Colonial Secretary.

† See chart on opposite page.



Note:- The curve shows the course of mid-monthly prices in each case.



-- American Shares before they were put upon the Market -x-x-x-
 course of mid-monthly prices in each case.

The Second Period

These criticisms gradually increased in vehemence between March, when the tender was signed, and August, when Parliament adjourned. They were the chief, if not the only criticisms which appeared in any serious paper, and it cannot be said that any of them were either illegitimate or scandalous. To anyone conversant with politics it will be seen at once that a certain number are of a class which forms the usual stock-in-trade of any Opposition. Of the remainder several were endorsed with vigour by Liberal journalists and speakers as well as by members of the Unionist party. It is true that during this period certain papers, neither Unionist nor Liberal, but free lances mainly of the Socialist complexion, had brought charges of a personal character against ministers. This, however, was not so uncommon an incident as to excite any particular attention, even among the *clientèle* of the papers in question, who were well used to a highly spiced diet; while the world at large, living in a separate air-tight compartment of its own, was for the most part serenely unconscious of their existence.

II. THE SECOND PERIOD

THE Second Period, which began about the time of the Parliamentary adjournment, lasted until October 11, when immediately after the reassembling of the House of Commons, the Marconi Contract was set down for discussion. This period, which has been called the "calumny stage," was full of rumours. Most of the things which were then alleged were wholly untrue, and such of them as rested upon any foundation at all were lacking in what natural philosophers call stable equilibrium, for they were like a pyramid balanced upon its apex. Mainly they were current gossip, passing from mouth to mouth, or, in Mr Lloyd George's indignant phrase, "from one foul lip to another."

Ministers and the Stock Exchange

But they were so circumstantial and so persistent that several Unionist papers, whilst they carefully abstained from accepting them, considered, rightly or wrongly, that their existence and their prevalence justified the demand for an exhaustive inquiry.

The gist of these rumours may be condensed into one brief sentence. In substance, the allegation was that the Marconi contract with the Government formed part of a corrupt conspiracy to run up the shares of that undertaking; and that certain ministers and their friends, working in the darkness of anonymity, and conducting their operations from the obscurity of foreign bourses, had used the opportunity to make huge fortunes whilst the gamble was at its height. Much doubtless will be said, much certainly requires to be said, about these rumours, and also about the part played by the press in dragging them into the light of day. But here it only seems necessary to remark that these rumours were untrue; and further that to anyone with the least knowledge of human affairs, the origins of them are no unfathomable mysteries—but on the contrary are of the most patent and obvious character.

The main origins are three.—There had been a prodigious, even a disgraceful, gamble in Marconi shares; and whenever there has been a great gamble it is obvious that as much money must have been lost as has been gained, and that at least as many people* are ruining their transactions as are hugging themselves for joy. Losers are ever ready to imagine circumstances and to listen to rumours tending to prove that the wickedness and cunning of others, and not their own folly, have been the true causes of their misfortunes. Secondly these rumours, like hundreds of thousands of other similar rumours about men and women who live in the public eye, may be traced to the least obscure of all causes—to idleness and mischief, and to the human love of chatter, and bravado, and the affectation of omni-

* Probably a great many more; for while the sellers are usually large and comparatively few, the buyers are small and many.

The Third Period

science. Wise folk, unless they are driven to it, give no more heed to such rumours than they do to the little observant boys who hang over the river bridges and spit upon the passengers in County Council steamboats. One must have lived a long way from the Mile End Road, from Drapers' Gardens, and from Pall Mall if one's ears are at all startled by hearing the worst vices of mankind attributed even to the most blameless of public characters. The man-about-town in his club, and a certain type of business-man during the intervals of his toil, are not more industrious propagators and disseminators of this picturesque form of error than are Socialist orators round their committee tables, or the working-man at his public-house of an evening. Finally, although this fact did not become known until later, a series of transactions had actually occurred during April and May which was quite sufficient groundwork for malevolent imaginations to build upon. These transactions may not have been the *fons et origo* of all these calumnies, but it is rather hard for anyone who has had much experience of this great metropolis to believe that they were not. For the seed of rumour is like the grain of mustard seed, to which the Kingdom of Heaven is compared, for the reason, in Lord Bacon's words, that "although it is one of the least grains, it hath in it a property and spirit hastily to get up and spread."

III. THE THIRD PERIOD

THE Third Period of the Marconi affair began with the debate in the House of Commons on October 11 last, and ended in March of the present year. It was a period of strong moral reaction against calumny, during which the "rumours" were blown sky-high. Nothing which could be called evidence, nothing which would hang a dog was forthcoming in substantiation of the rumours. Nothing was

Ministers and the Stock Exchange

proved with regard to them except that they were prevalent—and this everyone knew before.

This debate in Parliament was the first serious discussion upon the Marconi contract. The opposition to ratification was led by Sir Henry Norman, the Liberal member for Blackburn, in a speech of great ability.* He mentioned the existence of the rumours only to express his utter disbelief in them. His attack was grounded solely upon the merits—upon the respective merits of the Marconi and other wireless systems, and upon the merits, or demerits, of the terms of the proposed agreement. But although the greater portion of all the speeches was devoted to this aspect of the matter, the chief feature of the debate was the indignant denial of Sir Rufus Isaacs and Mr Herbert Samuel, and the still more forcible expressions of the Chancellor of the Exchequer with regard to the gossip which had been going about.

An inquiry was granted by the Government, and freely granted, into the whole matter—into the merits of the various wireless systems, into the advantages, or the reverse, of the contract which awaited ratification, and into the truth and the origins of the rumours with regard to cabinet corruption. But as to the latter, the debate seemed to most people to have pretty well knocked the bottom out of them already. A very few Unionist journalists, it is true, closely scrutinizing the terms of the ministerial denials, professed to see in them a want of completeness. But the public saw nothing of the kind. For the public ministers were not professors speaking by the book. Their honour had been assailed, and they were to be forgiven if the strength of their feelings had carried them away. If in their justifiable excitement they had not actually stopped every single rabbit-hole of innuendo, that was obviously through inadvertence, which might be readily excused. Their meaning was quite clear to any-

* At a much later date a suggestion was made that Sir Henry had some interest, pecuniary or otherwise, in a rival system; but this, like other rumours, has been shown to be entirely untrue.

The Third Period

one whose mind was not either naturally perverse, or else blinded by personal or party prejudice. If one had asked the man-in-the-street what conclusion he drew from this debate he would undoubtedly have said that he understood ministers to mean, not only that no shadow of corruption rested anywhere upon the whole episode, but that no minister had had any transactions whatsoever in Marconi shares during the recent notorious gamble. And the man-in-the-street would have added that he absolutely believed these ministerial assurances.

The proceedings of the Select Committee which was appointed to conduct the inquiry, deepened and strengthened this popular impression. During the autumn, winter, and early spring, it held many meetings, examined many witnesses, and the reports of its investigations filled many columns of the newspapers. Its procedure, however, has been slow and tortuous, and it has now arrived at the point when it has both wearied and exasperated public opinion. It may be admitted that it had great difficulties to contend against, but it cannot be said truly that it has surmounted them. At the beginning it had a vague, dreary and invidious task put upon it, while since its sittings began, new and unforeseen developments have created various diversions and distractions. It has not been able to go straight ahead, but has had to hark back and hunt about closer. Anything less like a tribunal of justice it would be impossible to conceive. There is no unity in it. It is not impartial, but is constantly divided—often angrily divided—according to its political sympathies. It has shown many, if not all, of the vices of those parliamentary committees which used to undertake the trial of election petitions, and which had to be abolished because of their flagrant partisanship. Its members have been lacking in candour one with another, and have not always put into the common stock information which has reached them from private sources. There have been occasions when the inquiry has even seemed to be lacking in decorum; and having begun in quite early

Ministers and the Stock Exchange

days to be regarded as something of a laughing stock, it has arrived, after seven months of the most thankless labours, at being very freely abused by all sides as a scandal. The public judging mainly by results, and never taking difficulties fully into account, is apt in cases of this kind to mete out harsh measure. The Chairman and several of his colleagues, both Liberal and Unionist, have striven hard to make the inquiry both fair and fruitful. The fact remains, however, that the Select Committee has certainly not won golden opinions in any quarter as an effective instrument for the discovery of truth.

In the calumny stage, the charges against ministers were so gross, extravagant, and precise—their alleged sin was so black, their cunning so diabolical, their profits so enormous, and, it may be added, their stupidity so appalling, that any irregularity, peccadillo or imprudence which might conceivably in the end be brought home to any one or other of them, or to any of their friends or relations, would have seemed merely an absurd bathos. But in the period of moral reaction the apotheosis of ministers and the condemnation of calumniators was conducted upon such a lofty plane, and with such a superabundance of fervour, that if in the end it were to transpire that there had been, after all, some peccadillo, some bagatelle of human frailty, or any irregularity whatsoever, the speck was bound to show up most horribly against the dazzling whiteness of their virtue. And the calumniators would therefore reap a corresponding benefit. The blackness of their own guilt would be regarded as grey, and might even be mistaken for white. It is a mistake to overdo most things, but of all things the worst which can be overdone are praise and blame. In this case the attack was overdone, even supposing there had been considerable irregularities. The defence was overdone, supposing ministers to have been anything short of angels.

It is little wonder that many journalists are sick of the investigation, and are looking forward impatiently to the

The Third Period

time when the great battle takes place in Parliament over the findings of the Committee. They will then be on much safer ground—a fact which they were not slow to recognize when Mr Churchill, in a fit of uncontrollable indignation, or inspired as some think, by a happy intuition for the popular-dramatic, gave them a lead some few weeks ago. For the journalists have already been more than once bitten during the course of this inquiry, and are consequently more than twice shy. The rule of British justice, which makes it contempt of court to comment publicly upon a case while it is proceeding, was devised in the interest of the litigants, so that expressions of popular prejudice founded upon *ex parte* statements and half-told tales might not warp the impartiality of the jurymen or terrorize the integrity of the judge. But although this rule was made for the protection of the litigants, recent experience has shown that incidentally it afforded a much-needed protection to the press. For the press was thereby prevented from making itself absurd. Journalists being an impulsive race, with an over-developed moral sense, it is as cruel a kindness to give them leave to comment upon *ex parte* statements and half-told tales as it is to leave a hungry school-boy at large in a tuck-shop. Their intellectual fault, if they have one, is what Mr Chamberlain once alleged against an eminent but too-candid friend, “that he had a mind incapable of distinguishing between allegation and proof.” The Marconi inquiry has betrayed not a few of our most highly-respected journalists into denunciations which were premature, into panegyrics which have subsequently required to be diluted, into sermons which missed the heathen and hit the congregation, into rules of uprightness which have hanged their own friends, and into judgments which have by and by delighted their enemies. And of all this devastating armoury of boomerangs the most fatal have been the panegyrics upon the ideal Cæsar’s wife—Cæsar’s wife being not absolutely ideal after all!

Ministers and the Stock Exchange

IV. THE FOURTH PERIOD

THE Fourth Period began in March of the present year. It then first transpired from statements made by Sir Rufus Isaacs* that in conjunction with Mr Lloyd George and Lord Murray, he had bought and sold certain shares in the *American Marconi Company* during the months of April and May, 1912. We are still in this Fourth Period, and its features are quite distinct from those of its three predecessors. We are not now dealing with rumours and conjectures, but with ascertained facts—with facts which have come to light through the full and frank admissions of the Attorney-General. The whole interest has shifted. We no longer care what the gossips invented, and the journalists spread about, for we have come out of that shadowy region of nightmares. We no longer care what anybody *said*; we care a great deal, however, what certain cabinet ministers *did*.

The statement which Sir Rufus Isaacs made in the course of the *Matin* trial, and which he subsequently amplified before the Select Committee, was to the following effect:—On April 9, 1912, nearly five weeks after the acceptance of the Marconi tender by the Post Office, Mr Godfrey Isaacs, the managing director of the English Marconi Company, who had just returned from the United States, invited

* In an action brought by the Postmaster-General and the Attorney-General against *Le Matin* for libel, March 19. The libel was of the grossest character. There was no defence, and the newspaper offered a full apology. Subsequently the transactions in American Marconi shares were investigated by the Select Committee which obtained a considerable amount of additional information which according to the rules of evidence was not admissible at the trial of the libel action. Lord Murray (then Master of Elibank) had resigned his office of Chief Whip early in August 1912, when he accepted a peerage, retired from politics, and went into partnership with an eminent firm of contractors. Ever since that date he has been abroad on business, first in Algiers, then in New York, afterwards in Colombia. Consequently he has not been available to give evidence before the Select Committee.

The Fourth Period

his two brothers, Sir Rufus and Mr Harry Isaacs, to lunch with him. He told them that the American Marconi Company had been reconstructed, that it had been successful in litigation of a critical character, that it had bought out certain competing interests, and that it had arrived at an advantageous arrangement with the Cable Companies. He spoke warmly of its prospects, and informed his relatives of the decision to issue £1,400,000 new capital, of which he had undertaken to place £500,000. He offered his brothers a portion of his allotment at par or a little over. He recommended this stock as a good investment, and estimated that the £1 shares would probably soon be worth 25s. to 30s. He further told them that the only connexion between the English and the American companies was that the former was a large shareholder in the latter, and that three directors of the American company, out of a total of nine, were also directors of the English company. He himself was one of these three.

Sir Rufus made up his mind not to take any of these shares. He had three reasons for his refusal. He "thought it was a very large issue of capital"; he did not wish to have any dealings with the English Marconi Company, having regard to their recent negotiations with his own Government; nor, on similar grounds, did he wish to have any transactions of this sort with his brother, the managing director.

On April 17, Sir Rufus met his brother, Mr Harry Isaacs, who expressed his regret that Sir Rufus had not bought any shares. It was in his opinion an excellent investment, and although the shares were not yet issued to the public, they were already quoted at £2½. He thought they were going to rise still higher. Sir Rufus thereupon bought from his brother, Mr Harry Isaacs, 10,000 shares at £2 per share. Seeing that his object was investment, this seems a high price to have paid, because Mr Godfrey Isaacs (who ought to have known if anyone did) had not, upon the former occasion, put the ultimate value of the shares higher than from 25s. to 30s.

Ministers and the Stock Exchange

Sir Rufus, however, upon reflection had apparently come to the conclusion that the new issue of capital, although large, was not too large. He also appears to have concluded that as he was buying his shares from Mr Harry Isaacs (and at a premium of 100 per cent) he could not in any sense be held to be buying them either from Mr Godfrey Isaacs or from the English Marconi Company. Nor was it his opinion that he was now incurring any obligation to the English company or to its managing director. He knew, however, that the shares he bought were part of a lot which Mr Harry had bought from Mr Godfrey as the result of the former conversation.

On the same day Sir Rufus sold 1,000 of these shares to Mr Lloyd George, and another 1,000 to the Master of Elibank. The price he charged them was the same as that which he had paid—£2 per share. He told them that they need not bother about payment for the time being, as the shares would not be actually issued for some considerable time. The understanding between the three friends was that, even if the shares rose in price, each would retain at least half of his original purchase as an investment, but that each was free to deal as he chose with the remainder.

Two days later, on April 19, the American shares were offered to the public at £3 $\frac{1}{4}$, and so great was the demand for them on the London Stock Exchange that the price touched almost £4 the same afternoon. Sir Rufus thereupon sold 3,570 shares on behalf of himself and his two friends, at an average price of £3 6s. 9d.

On April 20 Mr Lloyd George asked Sir Rufus if he and the Master of Elibank might sell the halves (500 each) which they had undertaken to hold. Sir Rufus agreed, and these shares were sold at an average price of £3 7s. Out of this transaction Mr Lloyd George and the Master of Elibank had done very well. After settling up, each of them had made a profit of £743, and each of them still held 143 shares—even at present prices, worth something over £150—into the bargain. Sir Rufus, however, was less

The Fourth Period

fortunate. If he were compelled to sell to-day at present prices the balance which he originally undertook to keep, and which he still holds, he would make a loss of something like £1,200 on the whole transaction.

But Mr Lloyd George and the Master of Elibank were unwisely venturesome. On May 22, more than a month later—the shares having meanwhile fallen to £2½—they made a second “investment” on their own account, and apparently without consultation with Sir Rufus. They then bought 3,000 shares for their joint account. On these—reckoning at present prices—they have of course lost heavily.

On June 19, 20, and 21, these shares were “delivered” to them by their stockbroker, and the balance owing to him upon the two transactions was £3,413. No payment, however, was made in regard to this debt until October 18 (four months later) when Mr Lloyd George sent his cheque for one-third of the sum owing. Interest had meanwhile been charged by the stockbroker at the rate of 5½ per cent. The balance of two-thirds had not yet been paid when Mr Lloyd George gave his evidence before the Select Committee last month. The reason he gave for this was that Lord Murray (Master of Elibank) had gone abroad on business in August, a few weeks after the shares were delivered, and has not yet returned. Meanwhile rates of interest have been high, so that as much as 7 per cent has been charged by the stockbroker upon the unpaid balance.

At some time during July Sir Rufus and Mr Lloyd George first heard, through the Master of Elibank, that there were “rumours” going about as to the conduct of certain ministers in regard to the Marconi contract, and that their names, among others, were being mentioned. The Prime Minister was accordingly informed of the transactions to which the three friends had been parties, although none of the three appears to have considered that these transactions could possibly have given rise to the calumnious reports. Nor when the Postmaster-General made his statement

Ministers and the Stock Exchange

about the Marconi contract in the House of Commons on August 7, did any of them consider it necessary or desirable to mention what had occurred. Upon this occasion, indeed, no reference was made by any speaker to the gossip which had been going about, and therefore it may easily have seemed to them that the opportunity was lacking. But during the debate which took place after the adjournment (October 11) the prevalence of injurious rumours played, as we have seen, a highly sensational part. Both Sir Rufus and Mr Lloyd George took a prominent part in the fray, and it is not so obvious why they did not then seize upon the occasion to make a statement which was certainly bound to have cleared the air considerably. They appear to have thought that a reference to their dealings in American Marconis would not have been relevant to the discussion, for the reason that they did not believe these transactions to have been the cause of the rumours. They also appear to have thought that as soon as the Select Committee was appointed it would call upon them to give evidence, and the committee-room, in their opinion, was the proper place in which to make a full and complete statement.

It is easy to be wise after the event; but to many people this now seems to have been an unfortunate decision. In the end these transactions first became known, not in the committee-room, but through proceedings in a court of justice.* It is not easy to see why it was any more needful to mention them during the *Matin* trial than it had been during the House of Commons debate. If they were irrelevant upon the latter occasion, they were surely even more irrelevant on the former. Every day's delay was certain to add sharpness to the criticisms which the final disclosure would evoke. It was bound to be said afterwards that they had hung back in the hopes that it might never be necessary to own up. It lent colour to the suggestion that if it had not been for

* The *second* purchase by Mr Lloyd George and the Master of Elibank was in fact first disclosed to the Select Committee, but of course at a date subsequent to the *Matin* trial.

Mr Lloyd George's Evidence

the vehemence and pertinacity of certain newspapers during the whole of the autumn and winter the world would never have known of these transactions at all. These things were bound to be said, and they have been said. It does not seem to the ordinary person that it would have been an unbecoming request, seeing that their honour had been attacked, for the two ministers to have asked the Select Committee to call them before it at one of its earliest meetings; but they appear to have thought that they had no right to do so, and on this ground, apparently, no such request was made.

V. MR. LLOYD GEORGE'S EVIDENCE

THE evidence of Sir Rufus and Mr Lloyd George before the Select Committee* differs only upon two points of any importance—Sir Rufus was clear that when recommending the investment in American Marconis he told his two friends that the advice, or "tip," to buy had been given to him originally by his brother, Mr Godfrey Isaacs. Mr Lloyd George, however, was almost certain that this gentleman's name was never mentioned. The human memory is not a perfect instrument, and we may readily believe that, as to this point either minister may have made a perfectly honest mistake. Nor does it matter very much which of the two was right, for the reason that unless it had been specifically stated that Mr Godfrey Isaacs was *not* the informant, even a less astute person than the Chancellor of the Exchequer ought to have conjectured that the "tip" emanated from him.

The second point of difference was that Mr Lloyd George, defending his dealings upon the ground that he was an "investor" and not a "speculator," had said quite truly

* The dates of Sir Rufus's evidence were March 25, 27, 28, and of Mr Lloyd George's March 28 and 31.

Ministers and the Stock Exchange

"that if you put money into a concern intending it to be an investment, and something happens which puts it up to a price which you *never expected*, and your broker advises you to sell," . . . and you do sell . . . "that does not mean that you did not buy them originally for an investment." But, as the critics immediately pointed out, Sir Rufus had *expected* from the beginning, or at any rate was fully prepared for the fact, that the shares would rise. He had even gone so far as to arrange with his two friends that in the event of a rise each of them might sell one-half of his original purchase. And as we have seen, his two friends, having obtained his permission, had sold nearly the whole of their original investments.

Mr Lloyd George's evidence, however, went somewhat more fully than Sir Rufus's into questions of a personal character. He was "a comparatively poor man." His position as Chancellor of the Exchequer was "a provisional one, and his glory transitory." He had "to think of somebody after him." His aim had therefore been "not to live up to his income, but to set something aside;—and he had done it." "He had invested." The total of his investments, however, brought him in only about £400 a year. "He had entered into this transaction because he thought it a good investment." . . . Upon this his critics were entitled to comment, and did in fact comment somewhat to this effect:—that although he was a comparatively poor man, and although his position was a provisional one, and his glory transitory, nevertheless his salary was adequate for his immediate necessities; that in fact it was a very handsome salary; that for such sums as he was able to save there was a multitude of investments of unimpeachable security yielding a moderate rate of interest; and, therefore, that there was no reason for him to have selected a highly speculative investment in the middle of a wild gamble in its shares—an investment upon which, in the first instance, he had reaped a capital profit of more than 50 per cent in a few days. Nor need the future have had any

Mr Lloyd George's Evidence

terrors for him. A man who has been Chancellor of the Exchequer, if in the ups and downs of political life he should happen to be thrown upon the mercy of the world, is not likely to come upon the rates. The spectacle of an ex-cabinet minister begging his bread has not yet been witnessed. Having regard to the growth and multiplication of highly respectable joint stock companies and other great enterprises which need the services of directors of unimpeachable character and something more than ordinary abilities, it is more than ever certain that such as Mr Lloyd George shall never want. When men of his experience and repute find themselves in Opposition and under the necessity of earning their livelihood, they shall surely be made to lie down in one or other of those green pastures which abound in the neighbourhood of Cornhill and Bishopsgate. And it was further pointed out that if a politician be desirous to concern himself at all with buying and selling on the Stock Exchange, there may not be much objection to his doing so when he is out of office and in actual need of money, but that there is neither reason nor excuse for such dealings while he is sitting in Downing Street drawing a comfortable salary.

The critics were not less sceptical as to the correctness of describing these transactions as "investments of savings." They pointed out that from the beginning a rise had been contemplated, and that a sale at a profit had also been contemplated. The arrangement which had been made, and subsequently waived, in the case of two of the participants, as to the retention of half the purchase, clearly showed this to have been the case. Besides, when a man is thinking of an investment he usually concerns himself with the question of dividends. But here it was admitted that the probable amount of dividends had not been discussed or canvassed between the three friends. It was urged, moreover, that the "savings" which it was proposed to invest could not be truly said to have been burning a hole in the Chancellor's pocket at the dates of his purchases. In fact they

Ministers and the Stock Exchange

appear to have been of the nature rather of anticipated savings than of savings actually realized. For none of the purchase money was paid until nearly four months after the shares were delivered, and the balance, so far as is known, has not been paid up to the present time. "Savings" which have to be borrowed from a stockbroker first at 5 and afterwards at 7 per cent are not savings in the commonly accepted meaning of the term.

Another statement of Mr Lloyd George's excited some remark. When he had attacked Mr Chamberlain and the Chamberlain family in 1900 with regard to their investments, he had taken very high ground as to the duty of ministers to abstain not merely from evil, but from the remotest appearance of it. If, however, the Select Committee should proceed to cross-examine him upon these utterances he informed them that he would be compelled "to revive old, personal, and painful controversies." He "would be the last man to do that" willingly; but he would "have to refer to the facts to show the distinction, and he would do so reluctantly." This somewhat minatory announcement he again repeated upon the second day of his examination. The Select Committee did not examine him upon his previous utterances, presumably because they were there mainly to inquire into certain facts and rumours, and not for the purpose of investigating the wide field of political ethics. And besides it is probable that there was none of them who was not already fully aware of the distinction between the two cases. The charges which had been brought against Mr Chamberlain were not that he had dabbled on the Stock Exchange but that he was a shareholder* in certain companies which had received and benefited by Government contracts at a time when he was Colonial Secretary; that a great many members of his family were shareholders in such companies, and that his brother, Mr Arthur Chamberlain, had obtained important Govern-

* A small shareholder as it subsequently turned out in *two* of them: and a shareholder of long standing.

The Justification

ment contracts, and had been unduly favoured over the other competitors.* Only as to the last does there appear to have been any similarity between the two sets of accusations.

VI. THE JUSTIFICATION

IT is necessary now to refer to a few of the chief points which have emerged during the general discussion. The purchases and sales of American Marconi shares by the Chancellor of the Exchequer, the Attorney-General, and the Chief Whip during April and May, 1912, have been fully admitted, and the facts are therefore clearly established. These dealings have been defended by the parties themselves and their friends on several grounds, among others, on the ground that, as the contract between the English Marconi Company and the Government was completed some five weeks before the first of these purchases was made, the private interest of the three ministers could not thereby have been brought into any conceivable conflict with their public duty.† But the argument upon the other side is not

* Mr Arthur Chamberlain brought and succeeded in a libel action upon this accusation, the counsel for the defendants being Mr Rufus Isaacs.

† Sir Henry Norman, in opening the debate (October 11, 1912) said:

On March 7 the Postmaster-General signed an agreement with Marconi's Wireless Company for the erection of six wireless stations.

Sir HERBERT SAMUEL: There is no agreement.

Sir H. NORMAN: I will adopt whatever word the Postmaster-General chooses. He approved and signed a contract.

Mr HERBERT SAMUEL: No, Sir. I signed no contract. The Marconi Company put in a tender in general terms. A letter was written by the Post Office accepting the tender, upon which a contract was subsequently to be based.

Sir H. NORMAN: I will make myself entirely safe by saying that the Postmaster-General signed a document.

Mr HERBERT SAMUEL: Somebody wrote a letter.

Sir H. NORMAN: Really, if I may respectfully say so, that is rather a quibble. Some document committing the Post Office, and therefore the British Government, to the erection of these wireless stations, subject to the ratification of this House, was signed by somebody on March 7 on behalf of the Postmaster-General.

Mr HERBERT SAMUEL: There was no contract.

Ministers and the Stock Exchange

without force. The contract was not technically complete—even as regards the department presided over by the Postmaster-General—until July. Only the general tender upon which a contract was to be based had been approved by the postal authorities. But more important still, the completing of such a contract does not rest with the department concerned, which can only approve and recommend, but with Parliament, whose ratification is necessary before the contract becomes binding upon the country. If there is opposition to such a proposed contract in Parliament the Attorney-General ought to be in a position to give his best professional advice to the House unbiased by any private interest. The Chancellor of the Exchequer ought to be in a similar position as keeper of the public purse. The Chief Whip, too, has his duty—the duty of bringing up his men to vote on the merits of the case. Now in July, 1912, there was opposition to the ratification of the Marconi contract, and it was not a mere political or party opposition. The proposed agreement was viewed with disfavour by a certain number of Liberal members of Parliament, and by a certain section of the Liberal press. At one time the opposition seemed so serious that certain people even entertained hopes or fears that the agreement might be rejected. The consideration of the matter was postponed from July until the autumn, at great inconvenience to the public interest, solely because of the strength and the assumed substance of this opposition. The contract, in fact, is not yet ratified and it is therefore not yet complete.

These ministerial transactions have also been defended on the ground that the prosperity of the American Marconi company was a thing entirely independent of that of the English company. But, as the critics have pointed out, the two companies were not wholly independent of each other. They worked the same patents, though in different hemispheres; and therefore the agreement with the English Government was undoubtedly a valuable advertisement for

The Justification

every branch of the undertaking. Three of the most prominent of the English directors are members of the American board. In circulars the American company has been referred to as in some way associated or subordinate. And although the American company hold no shares in the English company, which alone would benefit by the Government contract, the English company held a very large block of shares in the American company. It may be true, and it is certainly quite possible, that even if the English company came to utter grief the American company might not suffer injury to the extent of a single halfpenny. Still ultimate prosperity and large dividends are one thing; the market value of the shares during a given period is quite another. The reason why the £1 shares of the American company went up to nearly £4 the moment they were purchasable by English speculators and investors was not wholly or even mainly due to their intrinsic merits, but to the fact that the £1 shares of the English company then stood at something like £9. This "sympathy," as it is called, is not a very tangible thing, and it is very hard to analyse or explain upon logical grounds. But it is an undeniable fact, and is at all times a most potent influence in Stock Exchange quotations.*

Another justification which has been put forward is that the three ministers, when engaging in these transactions accepted no favour, direct or indirect, from a Government contractor either before he got his contract or afterwards. The critics, however, contend that they did take a favour from a Government contractor seeing that they acted upon a "tip" which emanated from Mr Godfrey Isaacs. They did not, of course, take so great a favour as if they had bought their shares from him at par. But the information on which they acted came from him; and it was valuable information, for it enabled them to buy at £2, and in three days' time to sell out at £3½. What they bought was a portion of the Government contractor's

* The chart opposite p. 428 shows to what extent the shares of the two companies have fluctuated "sympathetically."

Ministers and the Stock Exchange

own holding. They got it indirectly, but still they got it. They might have had the shares at £1 or £1¹/₁₆ had they accepted his original proposal. But when they bought at £2, they could not have got these shares anywhere else at this price, for the doors were only opened to the public two days later at £3¹/₄. It has seemed to the critics, therefore, to be impossible to maintain that these ministers took no favour from a Government contractor; and they contend that in fact they took two favours, one direct, the other indirect—the “tip,” and the advantage in the purchase price.

But at any rate the ministers had clearly no dishonest intention, since they attempted no concealment. To this, so far as we are aware, there has been no answer worth attending to. Indeed it must be obvious that if the persons concerned had thought for a single moment that these dealings were improper, and if, nevertheless, they had desired to carry them through—which is inconceivable—they would never have bought and sold the shares openly in their own names. For transfers are handed about. They pass through a multitude of clerks upon whom there is no very drastic obligation of secrecy. A clerk, being human, is liable to gossip, particularly about public characters. Then at once Rumour spreads her wings and circles over the town. Sir Rufus can hardly have overlooked this fact, seeing that before he went to the bar he was engaged upon the Stock Exchange. And it seems equally inconceivable that the Chancellor of the Exchequer or the Master of Elibank—who are both people with considerable experience of men and things—should not have realized that if there were anything wrong or improper in these transactions—or even if there were anything in them capable of honest misunderstanding or dishonest misconstruction—it was morally certain that it would come out and that the most would be made of it. It therefore must appear certain to any fair-minded man that there could have been no blameworthy intention in the

Opinions of the Press

minds of any one of the three. It may seem strange that none of them should have realized either that to certain eyes their action would seem to be an impropriety, or that they were incurring very serious dangers in consequence; but that does not affect the matter one iota. The shrewdest people are occasionally the blindest. No one would call the Master of Elibank a simpleton. Mr Lloyd George knew, if any one did, how ready some politicians are to attack a prominent opponent upon any real or imaginary financial irregularity; for he himself had led just such an attack upon Mr Chamberlain. And Sir Rufus Isaacs also knew, for he had been concerned, as counsel, in one of the libel actions which arose out of this attack. But in spite of the strangeness of it all, it is clear that the parties concerned saw nothing the least wrong or open to question in these transactions at the time when they so unfortunately decided to engage in them.

VII. OPINIONS OF THE PRESS

AT the time of writing* the Select Committee has finished hearing evidence and is engaged in considering its report. Upon the merits of the Marconi system and the terms of the Government contract the public is content to await the findings of this body; and it will probably be equally content to accept them when they are announced. But the public has already formed its own opinion upon the rumours of cabinet corruption, and has relegated them one and all to the limbo of malicious and incredible gossip. There remains but one thing, and that is the propriety or otherwise of the ministerial dealings in American Marconi shares. The facts regarding these transactions are already fully known, and conclusions can be drawn therefrom by the ordinary man without the assistance of any committee, select or otherwise. Consequently the public, with the

*Whitsuntide.

Ministers and the Stock Exchange

invaluable aid of the journalists, is at present occupied in making up its mind upon this subject which it rightly considers to be by far the most important issue which has presented itself during the whole course of the inquiry.

Unionists incline to follow the judgment of their own newspapers, and their own newspapers are unanimous in condemning these transactions with varying degrees of vehemence. Whether Liberals will be equally inclined to follow the lead of *their* daily newspapers is not quite so certain. For one thing the voices of the Liberal journals are not entirely free from an accent of hesitation, nor are they absolutely unanimous. Indeed the present attitude of the Liberal press with regard to this matter is something of a puzzle. For the Liberal press has hitherto claimed, and not unjustly, to exercise a special custody over questions of pecuniary propriety in high places. It is the lineal inheritor of an austere tradition—the tradition of Joseph Hume, and of many other indefatigable and high-minded men of the Manchester School of politics—"radical" reformers in the original sense of the word—who spent a great deal of their lives thanklessly, but most usefully, in hunting out abuses and corruption, and bringing about their abolition. They endeavoured in their own day to raise the standard of integrity in the public service even higher than it had been left by the younger Pitt. In this they succeeded, and they may fairly claim the chief share of the credit. For the Conservatives were too easy-going, too tender towards the frailties of humanity, too reluctant to disturb good-fellowship, too anxious to avoid unpleasantness, and, above all, too considerate of vested interests however sinister, and of ancient privileges, however inimical to the public advantage, for them to play the leading part in this drastic reformation.

Hitherto the Liberal press has adhered to the severe standards of its tradition. But in the present instance, with only one conspicuous exception,* so far as we are aware, it has abstained from any adverse comments upon these minis-

* *The Nation*

City Opinion

terial dealings. It has made light of them, has extenuated them, and as far as possible has ignored them. The chance of escaping from an awkward political situation by making a counter-attack upon calumniators in general, and by seeking to identify the whole body of their opponents with the violence of a few socialistic and the extravagance of two or three Unionist newspapers has proved too strong for their political virtue: for the moment it appears to have confounded their standards of political morality, and deranged the weights and measures of their judgment. It is clear that the defence, if there is to be a defence, must be bold and direct. No counter-attack will serve its purpose, for the simple reason that what our public servants have done is an infinitely more important matter in the estimation of the country than any malice which may be proved against a multitude of private and comparatively irresponsible people. If the parties to these transactions had happened to be Unionist ministers, and had they been judged by those maxims which we have been accustomed to hear preached and insisted upon by the Liberal press in the past, their condemnation would have been swift and certain. Of this fact public opinion is fully aware; and according as the sympathies of the man-in-the-street incline towards the Liberal side in politics, or towards the Unionist, he views the present process of exoneration with feelings of suppressed uneasiness or open indignation.

VIII. CITY OPINION

THERE is another section of the public whose opinion may be worth considering in this connexion. We are accustomed to hear a good deal of abuse of "the City." Its ways and standards—rather dimly understood by the outside world—are not wholly approved, and are even apt to be regarded as somewhat sordid by those moralists of a sterner school who set the tone of our public life. For, unlike the House of Commons, the City makes no pretence of

Ministers and the Stock Exchange

being disinterested. In the American phrase, men are not in business "for the good of their health." They pursue their various vocations in order that they may make money, and not, as in the case of the politicians, merely to do good. But they have their point of view and their standards of conduct none the less, and it may, therefore, be useful to hear their judgments upon this episode, if they have arrived at one.

The opinion of the City, be it understood, is not the same thing as the opinion of the Stock Exchange. The Stock Exchange is an important element in forming City opinion, but it is not the most important; and, though the contrary is a common enough belief, it is very far indeed from being the predominant element. The Stock Exchange is combative and volatile, too ready to make up its mind at a glance or on a rumour, too easy to excite and to cast down, for it ever to possess that enormous influence which is sometimes attributed to it. Nor is City opinion to be confused with that of those loungers, and inventors of gossip, who sit far into the afternoon over their coffee and liqueurs till it is time to go back to their offices and pick up their umbrellas, those symbols of a recovered liberty! The opinion of the City is a different thing altogether. It is based upon the views of men in the City of London who keep that City still what former generations of men like them made it under the Stuarts, and have kept it since the days of Queen Anne—the greatest, the strictest, the most sober and most dignified of commercial communities. These men are not of any one class, far less of any equality of fortune. Included in their number are the great merchant-bankers, but there are also tradesmen, lawyers, and a host of others. There are humble clerks, humble enough in some ways, but proud enough in others, knowing themselves to be securely trusted both for their judgment and their honesty. There are men who live in Carlton House Terrace, and others who live at Ealing, at Bromley and in Bayswater. They are a strange and various lot, but they are very firmly held and bound together by a single point of view. It is a shrewd society; certainly

City Opinion

not uncharitable, though for the most part unemotional; sadly unresponsive to stimuli of a certain order. Its habit is moderation—rarely pressing things to extremes, or entertaining extravagant hopes, or falling a prey to imaginary fears. But, above all things, it is steadfast and honest according to its lights, and given to placing its trust more readily upon character than on signed parchments. It is intolerant of highflown professions—possibly rather too apt to scent in them humbug, the most pestilent of all business evils, and hypocrisy, the worst of all moral blemishes.

What does this City opinion think of these transactions? It thinks, and says so quite plainly, that ministers have been gambling. It thinks also, and does not hesitate to say, that considering their positions and their salaries, they had no need, and certainly no business, to be gambling, and that the discredit of their particular gamble is enhanced rather than excused by the fact that they were losers. For what two* of them did is what every tyro does—what every parson or old lady having a half-guilty "flutter" in the haunts of Mammon with an aunt's legacy or some other unexpected windfall does. Their method was the same as that habitually pursued by a well-known client of the Stock Exchange called "Mr Juggins"—he takes a tip. He buys half-way up the "boom"; sells excitedly at a profit; then, mistaking his wholly undeserved good luck for some natural and infallible sagacity, at the first serious drop he buys in again in larger quantities than before. But on this occasion, as he has bought half-way down the "slump," he finds himself at settling day, as the saying is, "left."†

The Chancellor of the Exchequer is, in a sense, the ex-officio head of the City of London; for he is the highest

* It must be recognized that Sir Rufus Isaacs is in a different category from the other two. He bought intending whatever rise might take place, to retain at least one half of his original purchase as an investment, and this he has done. Moreover, he did not enter the market a *second* time: and he paid for his shares on the nail. Consequently what immediately follows does not apply in his case.

† Mr E. T. John, a Liberal M.P., speaking at a meeting of the League of Young Liberals, said: "Before proceeding to the business of the evening,

Ministers and the Stock Exchange

financial officer of the British Empire. City opinion is therefore affronted by the disclosure of this sublime functionary behaving for all the world like the poor, greedy, excited Mr Juggins of ordinary life. The feelings of the City upon this episode are very much what the feelings of "the counting house" would be if the head of the great house of Baring, or of the great house of Rothschild, or the chief cashier of the Bank of England were to be detected winning and losing pennies at pitch-and-toss with ragged urchins in some quiet court at the back of the Guildhall.

This is one aspect of the matter; but there is another and a more important. Ministers, in the opinion of the City, have no right to engage in speculative investments. They are not free to gamble. The honour and the power attaching to their posts form their chief rewards. These were good enough for their predecessors, and should be good enough for them likewise. In addition they receive handsome enough salaries—the Chancellor of the Exchequer £5,000 a year, the Attorney-General, with his fees, not far short of £15,000 a year, the Chief Whip something substantial. With this provision, pecuniary and otherwise, it is expected of them that while they are in office they should concentrate all their thoughts and energies upon the public service, and not concern themselves with the mending of their private fortunes.

The confidence of the country has hitherto been well kept by some thousands of Civil Service clerks whose salaries, beginning at a hundred or two per annum, rise slowly to something which in the end is far short of four figures on the average. The plums are a very few posts worth between fifteen hundred and three thousand a year. Many a secret, may I express on your behalf and for myself our profound sympathy with the Chancellor of the Exchequer in the storm of obloquy with which he has recently been assailed, and our congratulations upon his triumphant vindication of his personal honour? Absolutely the last charge that could justly be brought against Mr Lloyd George is that of pecuniary self-seeking—his life has been one continuous negation of any such suggestion—and his recent escapade has only demonstrated that he is 'but a child in these matters'—artless, ingenuous, impulsive, and confiding."—In which remarkable defence the *Spectator* discovers "an example of the dangers of the friendly bludgeon."

City Opinion

which if it were known betimes upon the Stock Exchange would be worth a fortune, is in the keeping of men with salaries of a hundred pounds or so per quarter. Is the virtue of these men never assailed? Are baits never set to draw them into a traffic of information, or into the use of their official influence? Is temptation never set before them in insidious ways? What private secretary to a Chancellor of the Exchequer, or any other head of a great Government department, has not at one time or another had a "safe tip" dropped to him confidentially by some negotiator with "the Office," who is grateful for past favours or hankering after favours still to come? And these "tips" may be in respect to matters so remote from anything governmental as to be in themselves innocent enough if the motive of the giver were entirely so (which it never is), or if the public servant were *not* a public servant. We may believe that our Civil Service will continue to regard it as an infamy to accept these dangerous favours for so long as it is sustained and encouraged by the example of an equal austerity on the part of its chiefs.

Mr Lloyd George's sincerity in his great projects of social reform is not doubted by serious people, and therefore is not doubted by the City. But at times he has expressed himself in terms of considerable violence and extravagance, and occasionally, as his enemies have thought, with something less than justice and a good deal less than charity. Consequently traps of his own setting and pits of his own digging surround him on every side. His attacks upon the idle rich—upon fortunes made not by honest toil, but in devious ways and by sleight of hand—his denunciations and derision of the possessors of great estates which for generations have passed from father to son, enriching unduly "the first of the litter"—all these sayings are remembered against him, some of them with bitterness, and may easily come to be remembered against him with scorn. For, after all, as Lord Rosebery once pointed out with an admirable moderation, there are less creditable ways of becoming rich than by inheritance.

THE GRAIN GROWERS' MOVEMENT IN WESTERN CANADA*

I

"THREE days hence shalt thou come to the deep-soiled land of Pthiotis": thanks to the Canadian Pacific and other railways, the deep-soiled land of Western Canada now lies for the most part within three days' journey of the Eastern seaboard. The first part of the Trans-continental journey through Canada by the Canadian Pacific main line does not present an alluring picture to the traveller, but one hundred miles east of Winnipeg the wilderness of charred scrub forest and rock-bound lakes, in which the only signs of civilization are—with due apologies to rising cities like Sudbury and Fort William—the tiny section-houses, the railway and telegraph lines, an odd lumber camp, and a still odder settlers' clearing, begins to assume a less barren, if less picturesque, aspect. The rocks disappear, the lakes and streams become rarer, and the trees form small, scattered clumps, not a continuous forest. Settlers' homesteads and wide plots of cultivated land become more frequent, till at last, as the train nears Winnipeg, many of the features of an old-established farming community are visible, and a pleasing scene of tilth is disclosed, which continues with little variety for a thousand miles to the foot of the Rocky Mountains.

* Contributed by a correspondent in Western Canada. The Editor of THE ROUND TABLE does not make himself responsible for the opinions expressed.

The Grain Growers in Western Canada

Picture to yourself a vast level plain, stretching as far as the eye can reach, dotted over here and there with log-built farmsteads and clumps of trees, devoid of any striking landmarks, and divided only by invisible wire fences. Country mansions and parks are absent, and churches are inconspicuous, perhaps through very shame of their ugliness; all roads run straight, and all boundaries are cut to the square with a regularity which becomes depressing, and makes walking an impossible recreation. There are villages, it is true, few and far between, but there are no tall chimneys or spires to distinguish them; railway trains are few, and as a result there is little sign of any admixture of urban civilization. Every inch of land seems fertile and arable, and, to the thrifty eye of the British farmer, there appears a prodigal waste in cultivation. The riches of Nature seem but half utilized. Of such appearance is the prairie, a dull and monotonous, but singularly mysterious and fascinating, landscape. There is no part of the British Isles which can be said to resemble it. In Scotland the Carse of Stirling, by reason of its continuous levelness and the quality of the soil, would bear some likeness, were there not the Grampians in the background to destroy the sense of infinity which is the prairie's most peculiar charm.

Settlement in this country dates from a far past, as time is reckoned in the overseas states. The first agricultural settlers of Western Canada were those sent out from Orkney by Lord Selkirk in 1812. These Orcadians had to face many hardships and vicissitudes, but they eventually succeeded in establishing a prosperous settlement of farms along the banks of the Red and Assiniboine Rivers. It was the golden age of the Red River Valley: the settlers led happy and prosperous lives, despite the absence of telephones and elevators and wider markets and country clubs, and some of the survivors of this epoch, when they contemplate modern Winnipeg, look back upon it with longing and regret. Then in 1870 came the transference of the Western Territory to the Dominion of Canada, and Louis Riel's rebellion of the

The Grain Growers in Western Canada

Metis against the incoming Ontarians. Settlers drifted through in handfuls till the first Manitoba boom of 1880, when there was a vast inrush of agriculturists from Eastern Canada and Great Britain, who established themselves on the cheap unoccupied lands, and by their numbers brought about the creation of a new province—Manitoba. The boom, however, was premature, suffered from misguided inflation, and was followed by a serious set-back. Markets were hard of access, transportation was difficult, railway rates were high, the Western States of America, with milder climate and better facilities of communication, were attracting Europe's surplus population and capital, and immigration practically ceased for twenty years. But the Western United States were filling up, and it was obviously only a question of time till the turn of Western Canada arrived. This came almost with the opening of the twentieth century, when the world discovered that on these Western plains lay one of the last unoccupied, well-governed, fertile areas on its surface. Immigrants began to pour in from all sides, the much-discussed invasion of American farmers commenced, capital followed, at first timidly and then in volume, real estate soared, railway construction increased by marvellous mileage, and bank clearings by more marvellous millions. Tested by all the known criteria of North American prosperity, there ensued in Western Canada a period of phenomenal development, which still attracts the attention of the civilized world.

The Dominion Government, meantime, had initiated a vigorous policy of advertisement and immigration, the primary object of which was to settle on the fertile lands of the West as many agricultural producers as possible, to form a sound basis for the Dominion's future prosperity. Though wide differences of opinion exist as to the comparative success or failure of its methods for achieving that end, there are now over one and a half million inhabitants in the prairie provinces, and while perhaps only two-thirds of these are directly engaged in agricultural operations, all save a

The Grain Growers in Western Canada

small minority are directly or indirectly interested in them. Several large towns and cities and a multitude of villages have sprung up, but agriculture is and must always be the dominant feature of Western Canadian life.

And in the agriculture of the West "Wheat is King." It is the great staple product of the region lying between the Great Lakes and the Rockies, which forms one vast, unbroken stretch of prairie. Beyond the Rockies lies British Columbia—another world, a land of snow-capped mountains, deep valleys and swift rivers, of fruit farms, lumber mills, and mining camps, separated from the prairies by a barrier which is in effect mental as well as physical. There is little in common between the two regions, either in respect of economic conditions and natural products, or of social organization and political temper.

On the prairies, oats, flax, barley and other cereals are grown in considerable quantities, but the wheat crop is the life-blood of the country: by it the temperature of its prosperity rises and falls. Cattle and horse raising are carried on, but their value as a source of national income is comparatively small. The vast majority of the farming population are dependent for a living on the success or failure of the wheat crop. If it is a success, they may enjoy a trip to California or Europe; if it fails, they may have a visit from the sheriff. And the wheat crop has many vicissitudes to surmount: late frosts in May, drought in June and July, excessive rain and absence of sun in August, and early frost in September. Wheat is peculiarly sensitive to climatic conditions, and as a result every Westerner is an eager student of weather forecasts, because on the weather depends the health of the wheat crop, and on its health hangs the fate of the whole business community.

Undoubtedly the farmers have concentrated their labours too exclusively on wheat, but they have their excuses. Most of them came to the West with land hunger in their hearts, and a keen desire to found there a permanent home as independent yeomen. They found the climate stern and

The Grain Growers in Western Canada

rigorous, and did not escape serious economic difficulties. Into many of their souls came another and later desire to amass a competence and retire to more equable climes. Wheat, the most profitable of all crops on a virgin soil, offers the best chance of speedy and valuable prizes, and its cultivation is accordingly pursued with undivided zeal. For most farmers wheat is still an agricultural gamble, but it is a gamble where the bank is often beaten. The great flaw in the present Western type of civilization is that in the minds of a large percentage of the inhabitants there is no idea of permanent residence in the country. They are there to make money and "get out," and until the real estate mania subsides and more stable conditions prevail, this spirit will endure, and lure the farmer to give his undivided allegiance to wheat growing.

The real estate fraternity may be dismissed as a temporary element, but besides the agriculturist, there is to be found in the West a considerable minority engaged in equally indispensable businesses, building and operating railways, managing banks and elevators, running stores and lending capital to all classes, in short, providing the physical and financial machinery which is a vital necessity to progress and civilization. There is, too, the usual proportion of professional men, ministers, doctors and lawyers. The population is cosmopolitan in its origin; Eastern Canadians, British-born and American probably number one-fourth each, and the remaining fourth is drawn from a score of European nationalities, Swedes, Icelanders, Germans, Galicians and Ruthenians being the most numerous.

The course of the development of Western Canada was perfectly normal till a very short time ago. Land values had probably become unduly depressed after the collapse of the early boom in the eighties, and soon after the opening of the century they had a rapid rise, which still continues, though distinct signs of abatement are beginning to be visible. Capital was attracted by the phenomenal increment and flowed in to stimulate it further. There was opportunity for

The Grain Growers in Western Canada

one and all, however minute their capital, to share in the profits of this spoil, and so vast was its extent that for a time all the people in the West were alike prosperous and contented. But as prices rose the prizes of the real estate boom speedily passed beyond the reach of the poorer settlers and the later immigrants. The boom itself had the effect of raising the cost of living and emphasizing the disparities of wealth. The farmers, by reason of their isolation from the great centres of real estate operations, had had less share than other classes in these triumphs of speculation, and they had been the chief sufferers from its adverse effects. There grew up among them a spirit of criticism and examination, and with the comparative abatement of the rise in land values, a new phenomenon began to engraft itself upon the normal life of the country in the shape of the Grain Growers' movement, which it is the object of this article to discuss.

II

THE Grain Growers' movement has a threefold significance. In the first place, as a revolt against the individualistic scramble common to all new communities and the tyranny of unbridled capitalist combinations, it is analogous to the Progressive Insurgent movement in the American Republic, which is so strongly supported in the Western States. Secondly, it has introduced in co-operation a new social and economic factor in the life of the community. And, lastly, it has already influenced, and may affect still further, the whole political life of Canada.

In order to understand the position of the Grain Growers, some knowledge of the production, transportation and sale of the grain crop is necessary. Cutting commences late in August in an average year, but varies with different localities. The development of the self-binder and other ingenious

The Grain Growers in Western Canada

machinery, the latest of which "stooks" the wheat as soon as it is cut, has helped to simplify the labour question, but the scarcity of help at harvest time is still an acute problem in most districts. Threshing is the next process, and though many large farmers own their own threshing outfits, the work is usually undertaken by special threshing gangs for a percentage per bushel threshed. Once threshed, the wheat is available for market. At every turn the grain grower is dependent on wise and equitable methods of commercial organization, and his complete lack of any control over the machinery of transportation and finance has in the past left abundant openings for speculative methods to creep in and deprive him of his due reward. He might be robbed by excessive charges at the interior elevators, by extravagant terminal charges, by high freight rates, by the manipulation of prices in the Winnipeg Grain Exchange, by the lack of forwarding facilities at any point along the line of transit, by "mixing" and improper methods of grading. Transportation was up till a few years ago completely in the hands of the railways and elevator companies, and it was with the latter that the farmer, when his wheat was marketable, had his first dealings. At the beginning of 1912 there were 920 stations with 1996 registered interior elevators and thirty warehouses, having in all a capacity of 62,500,000 bushels. At six other stations there were nineteen terminal elevators with a capacity of 27,550,000 bushels, making a total elevator capacity of 90,000,000 bushels. The elevator companies (1) ship grain, charging roughly $1\frac{1}{4}$ cents per bushel for weighing, cleaning and putting the grain on the cars, (2) buy grain to resell later to the greater wholesale firms or direct to the transatlantic consumer, and (3) buy grain for their own consumption, as in the case of the great milling companies, who between them own 320 elevators.

Closely connected with the elevators' operations is the grain-dealing business with its headquarters in Winnipeg, where more wheat is now marketed than anywhere else in America. There are also a number of commission merchants, to whom

The Grain Growers in Western Canada

it is a matter of indifference how grain reaches them provided they secure it to sell. The farmers have had no serious complaints against the commission merchant. Their feud has been with the elevator man, who buys grain in the country and has a seat on the exchange. The trend of his business is by nature speculative, for the purchase of grain at an interior point to sell at prices governed by world markets is full of risks. The farmers have always believed that when, as a result of exchange operations, a big surplus accrued, the operator pocketed that profit, but if a loss occurred, the interior elevator system, holding as it did a semi-monopoly at various points in the country, proceeded to impose the loss upon the grain producers and make them suffer for the mistakes of bad judgment or rashness made by others on the exchange.

The elevators conduct business under strict regulations laid down by a series of Grain Acts, and are subject to an annual licence fee. No elevator can refuse grain if it has room for it, or discriminate in favour of special parties. But against the system, even as thus controlled, the farmers have often protested. They have alleged that the arrangements were sometimes defeated by the elevator operator giving short weights, by excessive "docking" for dirt, by the improper reduction of both grades and prices, by "jockeying" for cars: that there was frequently no cleaning apparatus such as the law demanded, that farmers were refused special bins, that good grain was selected by the companies for their own orders and the inferior quality rejected. The banks, too, were accused of allowing the elevator interests a monopoly of credit and thus forcing the farmer to sell as soon as he had threshed.

To remedy these grievances, new legislation was devised. It was enacted that, on a written approved application of ten farmers within twenty miles of the nearest shipping point, any railway company operating there is required to build at its depot a loading platform of a certain length and width for the purpose of loading grain directly into grain

The Grain Growers in Western Canada

cars, and all persons may have access to these platforms free of charge. This is now considered the least costly method of shipping grain when the farmer has a car-load of one grade and kind. The farmer saves the cost of elevator handling, and is able to sell his grain in Winnipeg through a commission agent, generally at an advance on the elevator buyer's offer; moreover, the identity of his grain is preserved. In the year 1910-11 one-fifth of a crop of 130,000,000 bushels was shipped from loading platforms. Simultaneously the railway companies were ordered to provide at their depots sites for warehouses, where farmers' grain could be stored, the owner of such warehouse being forbidden to use it for his own grain.

These alterations removed some of the grounds of complaint, but others remained. When the wheat reaches Winnipeg it is graded by Government inspectors, and its selling value is determined by the grade there fixed, though naturally the elevator buyer has previously made his own estimate. The grain growers declared that the grading system was unfair to grains lightly bleached or frosted and did not represent the value of the grain for milling purposes, and maintained that buying by grade enabled the millers and elevators to fix prices on the lowest level of each grade. They were further roused to indignation at the alleged practice of "mixing." This process consists in mixing in with some inferior grain enough of a superior grade to enable the united bulk to grade to the higher standard. Such mixing was said to have taken place most frequently in the terminal elevators at Fort William and Port Arthur, where some cases of this practice were exposed and some companies fined. Fort William and Port Arthur are strategic points in the grain trade, as the greater proportion of the grain destined for export arrives there to be either loaded on board ship for water transit or held in storage. Thence it is forwarded by different routes: some goes by lake to Parry Sound and other Georgian Bay ports whence it proceeds by rail to the Atlantic seaboard, some by the Welland canal, an all-water route,

The Grain Growers in Western Canada

to Montreal, and some by Buffalo in the States, whence it either goes down the Erie Canal or is railed to New York. The latter route is apparently the cheapest: at any rate, in 1911 over 60 per cent of the Western wheat reached tidewater through Buffalo. The United States allow certain bonding privileges for the transit of Canadian wheat, and one of the reasons given by grain growers for opposing a food-tax preference in Britain is that it might result in the cancellation of these valuable privileges and an increase of the grain blockade. Winter seriously interferes with the more northerly Canadian routes, and all-rail transit to Halifax and St John is ruinously expensive.

Such was and still is to a large degree the machinery of the grain trade, and such were the indictments lodged against it by the farmers. It was a universal condemnation which included the millers, the Grain Exchange, the railways, the banks and the terminal elevators. Many causes were working to produce intense irritation among the farmers, aggravated often by a lack of really accurate knowledge of the actual facts. There was continual recrimination and dissatisfaction on both sides, and Parliament proved unwilling or unable to effect any satisfactory redress of the conditions under which the grain trade was carried on. Political organization, as represented by either of the two historic parties, seemed to offer little hope of success to the dissatisfied farmers unless there were other forces at work.

It was accordingly decided to make an effort to create a new co-operative organization. In 1906 a few bold spirits floated the Grain Growers' Grain Company, to engage in the buying and selling of grain. The initial capital was only \$5,000 and its first struggles for existence were truly desperate; but the farmers rallied loyally to its support, with the result that it has prospered far beyond the wildest dreams of its founders. The following tables give particulars of the company's remarkable progress up to date:

The Grain Growers in Western Canada

	Opened Business			
	Sept. 1, '06	June 30, '07	June 30, '08	June 30, '09
Shares Allotted	1,000	1,853	2,932	7,558
Capital Subscribed	\$25,000	\$46,325	\$73,300	\$188,950
Capital Paid-up	\$5,000	\$11,795	\$20,385	\$120,708
Grain Receipts (Bus)	—	2,340,000	4,990,541	7,643,146
Profits	—	\$709	\$30,190	\$52,902

	June 30, '10	June 30, '11	June 30, '12
Shares Allotted	14,131	24,602	27,321
Capital Subscribed	\$353,275	\$615,050	\$683,000
Capital Paid-up	\$292,957	\$492,062	\$586,472
Grain Receipts (Bus)	16,332,645	18,845,305	27,775,000
Profits	\$95,663	\$69,575.46	\$121,614

Total Farmers' Grain handled since Sept. 1, 1906
77,926,637 bushels.

Last year it handled more than one-fifth of the whole grain trade of the West. It has formed such business connexions as render it independent of some initial opposition offered by the Grain Exchange. It has a central office in Winnipeg and a branch in Calgary for Western trade; its agents move regularly through the country. At present the management is in the hands of upright and able men who have made great sacrifices to carry out their purposes, and have given to the cause of the farmers, for comparatively small salaries, capacities and energies which might have commanded far higher rewards in such an excellent open market for individual enterprise as Western Canada. It may reasonably claim, after six difficult years, to have improved the conditions under which the cultivator markets his crops, and to have increased by a few cents per bushel the price which he secures. This success induced the company recently to take over the Government elevators in Manitoba. The provincial administration had been engaged for the past two years in the elevator business, and whether because the equipment cost too much, or the management was treated as a cog in the party machine, or the elevators

The Grain Growers in Western Canada

were not patronized by the farmers, it suffered a deficit on the undertaking. It decided, therefore, to lease the elevators to the Grain Growers' Company for a rent which should merely cover expenses. In consequence the hold of the company upon the grain trade of the West will be greatly strengthened.

Unlike Manitoba, the province of Saskatchewan did not attempt to operate its own elevators. It preferred to establish, mainly on the recommendation of Professor Robert Magill, of Dalhousie University, whom Mr Borden has, with the happiest wisdom, appointed to the chairmanship of the new Grain Commission, a system of state-aided co-operative elevators. For this purpose local districts are formed, and after 15 per cent of the necessary capital for building and operating the elevators has been subscribed by the farmers, the provincial Government lends the remaining 85 per cent at a cheap rate. The farmers elect their own board of directors for this co-operative company, and are enthusiastically supporting it in every district. Already over one hundred and fifty elevators have been applied for, and many are actually in operation or in the course of construction. In Alberta the private elevator companies still hold the field, but the Government is considering various schemes, and will probably follow the Saskatchewan plan. The United Farmers of Alberta have recently demanded immediate action on similar lines, save that they ask the Government to guarantee bonds of the Grain Growers' Grain Company, who will build, control, and operate the elevators.

In the machinery of the grain trade there remain only the terminal elevators at the head of the Great Lakes. The farmers have long demanded Government ownership at this vital point, and Mr Borden, on his last visit to the West, gave a specific pledge that he would initiate such a policy. The Government has now announced its intention of beginning operations with the immediate erection of a 3,000,000-bushel elevator. Furthermore, the control of all

The Grain Growers in Western Canada

terminal elevators has been entrusted to the new Grain Commission. These measures, however, have not prevented the Grain Growers' Company from leasing recently the big Canadian Pacific Railway terminal elevator at Fort William. They could not overlook such an opportunity of rounding off their system.

It may be assumed, therefore, that a large part of the grain trade in Western Canada will be controlled by a co-operative organization of the farmers themselves. But the officers of the Grain Growers' Grain Company, finding that success has followed these schemes, decline to confine their attention to the handling of grain. They have bought a large tract of timber in British Columbia, from which they intend to develop a lumber business with a view to defeating the lumber combines, which are admitted to operate in the prairie provinces. In Manitoba they have established a flour-selling business in connexion with their elevators, and have already reduced the price to the consumer. They propose to extend the system gradually to other supplies, and it is by no means improbable that they will enter upon the flour-milling business in the near future. They look forward, also, to establishing co-operative manufactories of agricultural machinery, such as the Labour Ministry is preparing to build up in Western Australia, and, if the Government of the prairie provinces do not create a system of State loans, they meditate entering upon the mortgage business. The dream of the leaders of the Grain Growers' Company is to see established at each railway depot, or at as many depots as possible, a co-operative station acting in close concert with their wholesale houses in Winnipeg and other large centres. There the farmers could market their produce, and in turn buy not only the necessities of life, but machinery and the raw material of their farming operations. Meanwhile the co-operative idea is slowly but surely taking root, and farmers' co-operative stores and buying associations are springing up in numerous districts. In many places in Western Canada the country storekeeper

The Grain Growers in Western Canada

has to face considerable difficulties. He must keep on good terms with the wholesale houses, and has to give long credit to his customers. When the farmer gets cash for his wheat, instead of paying the local storekeeper, he often procures a shipment of goods from some of the mail-order houses in Winnipeg, leaving the storekeeper to wait for his money. As a result the latter is confronted with the prospect of extinction or of reduction to a position of dependence upon some corporation or wholesale house. In many cases he may prefer the alternative of being absorbed in such a co-operative store system as the Grain Growers are planning to evolve.

III

IT was inevitable that the powerful farming interest, having become assured of comparative success with its co-operative grain company, should proceed to enter the field of politics in order to remedy abuses which are only susceptible to political action. The feeling against the entrenched position of the capitalist organizations, the railways, elevators and milling companies, and banks grew as the advantages and profits of pioneer settlement disappeared. The excessive prosperity, due to real estate increment, in the cities which are the centres of political action had dulled the edge of democratic and radical sentiment, and the farmers found that neither of the existing parties lent a ready ear to their demands and policies. Accordingly the Grain Growers' movement began to reach beyond the economic into the political field.

It is true that there have been in the history of the North American continent organizations similar in character to that of the Grain Growers. These, however, have been marked too often by a total absence of any promise of permanency; the majority, after the completion of some useful work, have perished, or dwindled away into a state

The Grain Growers in Western Canada

of anæmic helplessness. In the nineties, when a Conservative Government was in power in Ottawa, the farmers of Ontario organized a league called the Patrons of Industry, and played an active part in defeating Sir Charles Tupper's Government; whereupon some of the leaders accepted offices from the victorious Liberals, and abandoned an independent programme. This society had a counterpart in Manitoba, which from time to time nominated candidates only to meet with indifferent success at the polls. When the Tariff Commission made its tour of Canada in 1906 the farmers had sufficient relics of organization left to collect deputations which laid their views before Mr Fielding and his fellow commissioners, and may have done something to prevent increases in the tariff.

But a new organization was gradually developed, and now has a strong and permanent existence in the Grain Growers' Associations. These have a separate existence from the Grain Company, but it is only natural that the interests of both should coincide at many points, and that the leaders should be found in the same persons. The Grain Growers' Associations are agricultural trade unions designed for the improvement of the farmer's position. They are perhaps more thoroughly organized in Alberta and Saskatchewan than in Manitoba, where various causes have contributed to the backwardness of the movement; in the three provinces their membership must now be nearly fifty thousand. Practically every district has an association with a secretary who is responsible for the correspondence and organizing work. The introduction of the rural telephone has made the success of this organization possible. Where a farmer, after a hard day's work in the fields, would have hesitated before writing a dozen letters to convene a meeting, he can now call up a dozen neighbours and complete the arrangements in a few minutes. These local associations are now being grouped into larger county associations for certain purposes, and they are all banded together in a provincial organization. An annual convention is held at some central

The Grain Growers in Western Canada

point, and a board of directors is elected with wide powers. The convention is a miniature farmers' parliament, and much keener interest is displayed by the farmer in its discussions than in the proceedings of some of the local legislatures, whose efficiency is too often marred by the paralyzing influence of an artificial party system.

The Grain Growers' Associations supply another much-felt want in the West. They provide a unit for social organization among the scattered farming community, and an outlet for energies which might otherwise run into unworthy channels. Each local association endeavours to hold an annual picnic for the members and their families every summer, and in the winter concerts, lectures and dances are arranged under its auspices. An effort is being made to establish libraries, but at present all that can be done is to offer a supply of books at cost price from the central office. The Grain Growers' organizations have established and own a weekly paper, *The Grain Growers' Guide*, which has rapidly made its mark in Canadian journalism. The *Guide* was established only four years ago, but it has already a circulation of 26,000, and represents accurately the policy and attitude on all national questions adopted by this section of Western farmers. As far as party politics are concerned, the *Guide* adopts a neutral attitude towards both parties, and is prepared to support or attack either, as the occasion demands.

The Grain Growers have many grievances, but first and foremost at all times comes the protective tariff. In their eyes it is the origin of all evils. While themselves exporting to the open markets of the world, where the price of their produce is fixed by circumstances beyond their control, they are compelled to buy the necessities of life and the raw material of their farming operations in a restricted market. They maintain that the Western provinces are in a different economic stage from the East, and that the fiscal policy which may suit the latter does not suit the former. They quote Friedrich Liszt as recommending free trade

The Grain Growers in Western Canada

for a country during the period of purely agricultural development, to enable the farmers to acquire what Adam Smith called "stock," and to permit the local accumulation of capital. They point out that when Ontario and other portions of the overseas states were at the same stage of agricultural settlement in the pre-Cobdenite days, they at least enjoyed the advantages of free importation of manufactured goods from the Mother Country. The East, they say, treats the West as an outlying tenant farm, from which annual rack rents can be collected, and on which no repairs are ever to be executed. They agree that some adjustment might have been possible, but when Toronto cries out at any suggestion to lay sacrilegious hands on the altar of the existing tariff, extremists among them retort that sooner or later there must be created in the West a separate Dominion within the Empire to secure a more equitable fiscal system.

The Grain Growers can weary the reader with their literature of concrete examples of the fiscal iniquities under which they labour. They can argue that it takes the value of half as many more bushels of barley in Brandon as in Minneapolis to purchase the same plough; that Canadian binders are sold cheaper in Scotland than here; that the tariff regulations are misinterpreted in favour of the lumber combines; and that the prices exacted by the Cement Trust make the expense of erecting barns prohibitive, and thus render mixed farming difficult. They contend that manufacturers of binder twine and cream separators flourish in Canada without protection, and they complain bitterly of the woollen schedules as being maintained for the benefit of a few factories. They have calculated that the tariff burden on the equipment of the average homesteader amounts to \$213. They even assert that the effect of the tariff is adverse to the continuance of the West within the Empire. The American, with his capital and his knowledge of pioneer life, and the Galician with his primitive standards of comfort, can struggle through; but the Briton, who is often a novice

The Grain Growers in Western Canada

at farming, and always at Western farming, is overwhelmed by the burden of the tariff, despairs and drifts away, with the result that eventually there may be comparatively few inhabitants of British-born stock engaged in farming on the Western plains. They roundly declare that for military purposes a settler in the Saskatchewan Valley is a better asset to the Empire than a factory worker in Hamilton, and that for every one gained in the latter place, one is lost in the former. Manufacturers try to console them with offers of a home market; they reply that they will be dead and gone before a home market can be created in Canada sufficient to consume all their produce. They had last year a prospect of access to the American markets, where the Western farmer might have got a higher price for his hard wheat, which has become necessary to the American millers. According to the Grain Growers, "the interests" decided that this was a breach in the dykes which they had built up, and proceeded to defeat the project with all the resources at their command.

The Grain Growers made light of Mr Taft's disclosures. They continue to demand the American market, partly because of its better prices, but more because of its possibilities and the chance which it affords of breaking up the existing capitalistic combinations in Canada. They seem to have no fear that these combinations may be superseded by others more powerful. They claim that without access to its natural markets, the great industrial communities lying to the south of the border, Western Canada can never be developed beyond a certain limit, and that it is a policy of commercial waste and folly to force all the traffic along narrow east and west lines over a barren country. In answer to the fear that reciprocity might endanger the Imperial system, they would reply that people could not be made more loyal to the Empire by being kept poorer than they might be, or than they think they might be.

As for the suggested preference in British markets, the Grain Growers seem to doubt its value, judging from the

The Grain Growers in Western Canada

resolutions which their conventions have adopted. They say that the British market is limited, and even under preference must be shared with India and Australia. Saskatchewan alone will produce, in the vivid imaginations of her real estate agents, sufficient wheat to feed the world. The American market offers advantages which could only be compensated by a food tax in Great Britain far higher than has yet been thought of in any quarter, and, even if there were any distinct gain from a British food tax, they fear that the railways and the steamship companies, having driven the grain traffic into certain fixed channels, would usurp any margin of profit and leave both the Canadian producer and the British consumer worse off than before. They contend, and perhaps with justice, that they would be hypocrites, while opposing the tariff in Canada, to assist in foisting protection upon Britain, and at their Brandon convention in January last, they unanimously resolved: "That this Convention firmly opposes any preference tariff scheme which will give Western grain growers a higher price for grain at the expense of the British workman." The same convention also demanded an immediate increase of the British preference in the Canadian tariff to 50 per cent, and arrangements for further gradual reduction which would lead to free trade with Britain within five years.

While mainly concerned in pressing for tariff changes, the Grain Growers have supported the Western Boards of Trade, which are demanding a reduction in Western freight rates. They favour the total discontinuance of the policy of railway subsidies, and, having secured Government control of elevators, they are now agitating for a Government cold-storage system, so that their beef exports may be better handled. In fact, they may be said to have in their minds a complete upheaval of the existing commercial organizations of Canada by a gradual process, and it would be too lengthy a task to specify all their demands and proposals.

The Grain Growers in Western Canada

IV

COMBINED with the passion for widespread economic reforms, there is in the Grain Growers a strong vein of constitutional radicalism. They dislike the party machines, and pour undisguised contempt upon the honesty and efficiency of the parliamentary system. There is little doubt but that boss-rule may be noticed at times in Canadian politics, and that corruption at elections is unduly frequent. These evils, which have never been observed to be peculiarly absent from the constituencies in which the farmers predominate, form a theme of continual mourning and denunciation on the part of the Grain Growers, whose favourite panacea for political vice is the introduction of the referendum, the initiative, and the recall. To the reformers on the North American continent, "Referendum" has become a blessed word, and the chorus of demands for its introduction is continually swelling. Its efficacy has never been fully proven, but it is a strange paradox that while radicals in North America regard it as an engine to break down the ramparts of reaction, in Britain it is advocated as a bulwark against hasty changes, and in Australia it has actually proved in practice to be a conservative force.

The Grain Growers have a peculiarly long indictment to lay against the Canadian Pacific and other railways. They complain not only of the excessive freight rates, which they declare to be much higher than those charged by American railways operating in similar territory across the border, but also of the onerous charges of the express and telegraph companies, which are either owned by, or allied to, the railways. A passage from a memorial read to Sir Wilfrid Laurier at Ottawa in 1911 can best serve to illustrate their attitude:

The third question to which we would refer you is the excessive railway tolls, both passenger and freight, which are burdens keenly

The Grain Growers in Western Canada

felt by farmers all over Canada. There are certain provisions of the Railway Act, however, which enable the companies to bring these burdens to bear on certain localities with more than doubly greater weight, and the provisions of which they take advantage to bring into action a vicious principle of discrimination are the allowance of competitive rates and the consideration of what is termed density of traffic as a factor in framing their tariffs. We may well believe that railways will not choose to charge anything less than a profitable rate, even where competition exists, so that they should not be permitted to charge more in localities where competition does not exist, or putting it in another form—each company will endeavour to make the maximum amount of profit, and if they are permitted to cut rates because of competition they will be sure to find excuse to make it up where there is no competition.

The same memorial concludes with these demands:

1. That the principle of fixing the tariffs in accordance with the competition of other roads or the density of traffic or volume of business handled be disallowed.
2. That a true physical valuation be taken of all railways operating in Canada, this valuation to be used as a basis of fixing the rates, and the information to be available to the public.
3. That the board of railway commissioners be given complete jurisdiction in these matters as well as in all other matters of dispute between the railways and the people, and to enable them to do this that the law be more clearly defined.

The Grain Growers are extreme radicals, and the violence of their demands is in itself a barrier to their success. In certain political issues they are probably the best informed element of the Canadian electorate, but they are sadly ignorant and regardless of many of the broader facts and conditions of national life. They have undoubtedly great grievances, but they exaggerate them unduly, apparently on the principle that the most exaggerated statement is likely to be most widely accepted. They fail to realize that they are part of a great nation and Empire, and that their organization does not as yet include more than a minority even of Canadian farmers. As a result their present extremism is as abhorrent to the hitherto opportunist Whiggism of the Liberals as to the tepid Conservatism

The Grain Growers in Western Canada

of the Tories, and a more moderate attitude would undoubtedly command wider sympathy on the part of the general community.

The Grain Growers have certain tangible results to their credit. They have obtained a series of radical modifications and improvements of the Grain Act, which, coupled with their own co-operative enterprises, have in their language destroyed probably for ever the entrenched control of the elevator and railway interests over the grain trade. They have induced the Government of Saskatchewan to inquire into the value of the initiative and referendum, and the Liberals of Manitoba and the Conservatives of Alberta have, at their instigation, included these measures in their programmes. They have forced the Government of Saskatchewan to recognize and aid the establishment of agricultural co-operation, and have made the legislatures of Manitoba and Alberta listen to similar schemes. Their influence may possibly have contributed to the establishment of the Railway Commission, one of the Laurier Government's most creditable pieces of legislation, and within the last two years their representations, aided by those of Western Boards of Trade, have resulted in the stringent investigation of the existing Western freight rates which is now proceeding at Ottawa. The Commission has already decided that the burden is on the railways to justify the present rates, and there is a prospect that reductions may be ordered.

Their actual political success has been less marked. The Grain Growers first entered actively into politics two years ago, when Sir Wilfrid Laurier made a political tour in the West with a view to furthering the fortunes of his party, then thought to be decaying in these regions. His progress was triumphant until he left Winnipeg behind. His subsequent adventures were a revelation to himself and to the rest of Canada. At every point he was met by deputations of irate farmers fresh from the fields, who lectured him on his sins of omission and commission,

The Grain Growers in Western Canada

read to him his own free-trade election speeches of 1895 and 1896, demanded reciprocity in natural products with the United States, a large increase of the British preference, Government ownership of elevators, and reduction of freight rates, and advanced, with great earnestness, a variety of reforms which hitherto had only been mentioned in whispers at Ottawa. The farmers complained that the Liberal Government had ceased to be Liberal, and was unduly controlled by "the interests," and roundly declared that if the Liberal party did not adopt progressive principles, it must disappear, at any rate in the West, and make way for more virile forces. Sir Wilfrid met the storm by professing his adhesion to free trade, quoting the shining example of England, and promising that, if wrongs existed, they should be righted.

The attack was followed up in November by a large farmers' deputation from the West, reinforced by contingents from Ontario and the Maritime provinces, who descended upon Ottawa, and not only repeated their previous complaints and demands, but made fresh and more strenuous appeals for redress. The attempt of the Government to meet the situation by arranging for reciprocity in natural products, and the subsequent general election, are a familiar story.

The Grain Growers, while not well disposed towards the Laurier Government, determined to support reciprocity with all their strength, and fulfilled their part of the contract in Alberta and Saskatchewan, where their organization is most complete, by carrying all save two seats. They failed in Manitoba to make much headway, for a variety of reasons. Their organization was weaker, and the rural vote was counterbalanced by that in the cities and small towns, but even there a transference of 500 votes would have reduced the Conservative seats from eight to three.

The deep-seated resentment of the Grain Growers at the defeat of reciprocity found expression in the recent

The Grain Growers in Western Canada

provincial elections in Saskatchewan*, where the Liberal administration fought the contest chiefly on reciprocity and free trade, and, despite the great temptation of a new province to attach itself to the Federal Government for the sake of Government favours, practically overwhelmed the opposition, and left it with a bare eight seats out of fifty-four. To the Grain Grower this election means that the radical and low-tariff element will henceforth have a greatly increased influence on the councils of the Liberal party. Redistribution is already overdue, and by the automatic process followed in Canada the three Western provinces will have their representatives increased from twenty-seven to at least forty-five. In all save half a dozen of these seats the Grain Growers hope to exercise a powerful influence.

V

WE can now estimate the true significance of a movement which is already of interest to the whole Empire. It promises to produce in Western Canada a radical, co-operative, free-trade community, not socialist in its ideals, but strongly anti-capitalist. This community will not only be large in numbers, but shows every intention of being vigorously self-assertive. To-day the movement is confined to Western Canada, but it must eventually have a far-reaching effect in the whole Dominion. Success in the West would result in its imitation in the other agricultural districts of Canada, and the ideal of a vast co-operative commonwealth of rural democracy must assuredly conflict with the aims and interests of many old-established capitalist institutions.

In politics the effect of the movement will be visible even more speedily in its influence upon the lines of party

* July, 1912. In the recent Alberta elections (April, 1913), the number of Conservative members was increased from 3 in a House of 35 at the former election to 18 in a House of 51. (Ed.)

The Grain Growers in Western Canada

cleavage. Hitherto there has been too small divergence of principle between the two great political parties of Canada for the good health of public life and administration. The reciprocity election of 1911 ended this condition of affairs. A real issue, forced by the Grain Growers, was presented to the electors and the quickening effect on political life has already been immense.

Canadian politics can scarcely remain as before a parochial contest between two factions whose policies were so closely akin that a cynical Westerner once offered a prize of one hundred dollars for the best essay showing points of difference between them. The Liberal party is now in opposition, and no sane public-spirited Liberal need regret the fact: Canada at the present stage of her history sadly needs a spell of the constant criticism and examination of national institutions which an active Liberal opposition, attracting, as it inevitably does, the critical and reforming minds of the community, can effectively furnish. During their tenure of office the Laurier Government pursued a policy of mild and cautious opportunism. Sir Wilfrid Laurier's idea was to develop nationalism and attract capital by avoiding violent political strife, and he succeeded. But in order to regain office, the Liberal party must enlist within its ranks all the progressive forces of the country, and the ideals and policies of the last decade must be rigorously revised and brought to a much more radical standard. In the West the Grain Growers form the backbone of the progressive forces, and their political influence may increase: not a single Liberal candidate in a Western rural constituency can hold his seat without their backing, and there will soon be forty-five Western seats. They flatly proclaim that if the Liberal party does not adopt radical and progressive policies, it must in the West at least be submerged and make way for an organization which will be less lukewarm towards reform. In short, the Liberal party in Canada must sooner or later be driven to become a Radical party, planning and advocating advanced legislation, such as the Australian and New

The Grain Growers in Western Canada

Zealand democracies have put into practice. The evolution may be gradual, but it is inevitable.

The Grain Growers may occupy eventually the same position in Canadian politics as the Labour party does in England, that of an advanced wing in the progressive forces. There is a continual round of suggestion that a third and purely agricultural party be formed; indignant rural scribes write to the *Guide* that both parties are alike dominated by lawyers, capitalists, and other parasites, and that the spirit of freedom and equality burns brightly only on the prairie farm. There is grave reason to doubt the success of such a farmers' party. It would be devoid of any intellectual resources save in rare cases. Farmer candidates are rarely a success. On the platform in joint debates, which are a common feature of Western elections, they show up in cumbersome contrast to some glib barrister or smart machine politician on the other side, and their range of knowledge is rarely sufficient to provide the lengthy oration which a rural Canadian audience demands as its due. Furthermore, a vein of jealousy lies deep in most agricultural minds; there is often a conspicuous lack of enthusiasm among his neighbours at the prospect of some farmer's election to the dignity of a seat even in the local legislature. A farmers' party might hold many seats and wield a certain power, but it would require a long process of political training and development before it could achieve by itself any marked results as a progressive force. Finally, the Canadian farmer is often the victim of his suspicions. He too often regards the Canadian cities above a certain size as hostile garrisons planted in the land, inhabited wholly by vicious and greedy middlemen and parasites who treat the toiling farmers as helots and serfs, and out of the proceeds of their exactions lead lives of Sybaritic luxury and Babylonian iniquity.

The Grain Growers seem to have convinced themselves that there has been set up and organized in Canada a powerful interlocking capitalistic system with its head centres in the railway companies, the banks and the manu-

The Grain Growers in Western Canada

facturers, which owing to low standards of political life has for its own purposes and by reason of its wealth and influence, acquired a complete predominance over the farming community and other producing classes; but they would find it hard to rebut the charge that their own rural democracy is selfish, quarrelsome and apathetic alike towards culture and good manners. Many of their contests are against recognized abuses, but they weaken their case by their disinclination to assist in good causes. Their attitude is too often that of truculent, selfish extremists, and as a result there are many joints in their armour.

As far as Imperial matters are concerned, they have been preoccupied with their own local problems, and as a body have given extraneous affairs little consideration. At their recent convention at Brandon they carried a resolution condemning the naval policies of both parties and demanding a referendum on the subject. They completely fail to recognize that, as grain exporters, they are probably more vitally interested in the Empire's naval supremacy than any other class in Canada. Evidently they regard any naval policy in Canada as the fruits of jingoistic capitalist ostentation and protectionist desire to consume revenues and avert lowering of tariffs. Their attitude illustrates one of the grave dangers of Imperialism in Canada. Devotion to the Empire has too often been tacitly assumed as a monopoly to be shared by the loyalists of Toronto and financial magnates, and as a result Imperialism has become to a certain degree suspect by the man in the street. There is no reason why the Grain Growers should not be as good Imperialists as the directors of the Canadian Pacific Railway, and closer union with highly radical democracies like New Zealand and the Mother Country might bring to them great advantage in hastening the pace of legislation as soon as there was greater interchange of ideas and comparison of methods. In the near future they may be able to prove themselves, at least in appearance, more ardently affectionate towards the Mother Country than the Ontario manufacturers, if they

The Grain Growers in Western Canada

induce the Liberal party to adopt and pursue to an end their policy of freer trade with Great Britain. The Grain Growers have been denounced at times as destroyers of the Empire, unscrupulous agitators and American seditionists. The last charge is peculiarly false, for in the directorate of the three Associations there is only one man of American birth, and it is a well-known fact that several of their ablest leaders are British born, including the president and secretary in Alberta, and the secretary in Saskatchewan. The suggestion which has been put forward in certain quarters that all who supported reciprocity did so from motives of hostility to the Imperial connexion is deeply resented by Canadian Liberals and Grain Growers alike.

There may be many faults to find with the Grain Growers, but they must be regarded as the main hope of democracy in Canada, and the spear-head of the reforming forces whose aspiration ought to be to save Canada from the harrowing experiences of her southern neighbour at the hands of an organized and selfish capitalism. They have a clear idea of the goal which they seek, a vast co-operative agricultural community freed from the tyranny of corporations, railways, and manufacturers' associations, enjoying continuous prosperity under the British flag, and evolving a free, contented yeomanry as a backbone for the population of the Dominion and a saving strength for the British Empire. There can be no greater bulwark for the British connexion in Western Canada than the establishment of such a co-operative system in pleasing contrast to the individualistic scramble of the United States. Its founders and sponsors would be the last people to sanction its absorption in that scramble by any scheme of political annexation. It will always be possible to criticize the manners and methods of the Grain Growers, but true friends of the Empire ought to wish them well.

THE ETHICS OF EMPIRE

I

MORE than a century ago Burke said (in reference to the Imperial problem) that "magnanimity in politics is not seldom the truest wisdom, and a great empire and little minds go ill together." On another occasion, he recorded his conviction that "the principles of true politics are those of morality enlarged." His words apply with even fuller meaning to the problem of Empire to-day and their truth is borne out by history. Kingdoms won by lust of conquest, like those of Attila or Tamerlane, vanished as swiftly as they rose. The most enduring empire in history was that of Rome. It drew its strength from the racial character of a people inspired by devotion to the community and disciplined to sacrifice every personal interest at the call of public duty. It endured because its policy was grounded, not on desire for wealth or glory, but on the permanent essentials of civilization. For its rulers, finance and war were but instruments to the maintenance of law and order. What is true of ancient Rome is true also of modern Britain. If the British Empire is destined to endure, it will be only as the guardian of the moral welfare of its peoples. Faith in this mission alone can justify the effort to further its consolidation.

If this be so, it is natural to enquire why the policy of closer Imperial union is so largely identified in the public mind with questions of material advantage. The answer

THE ROUND TABLE

can be obtained through any bookseller or through any of the following:

UNITED KINGDOM: Messrs Macmillan & Co., Ltd., St Martin's St., W.C.

CANADA: The Macmillan Co., of Canada, 70 Bond Street, Toronto.

AUSTRALIA: Messrs Macmillan & Co., Ltd., 109 Russell St., Melbourne.

SOUTH AFRICA: J. Tyndall, Esq., 29 Sauers Buildings, Johannesburg.

NEW ZEALAND: S. A. Atkinson, Esq., 162 Featherston St., Wellington.

INDIA: Messrs Macmillan & Co., Ltd., 44 Hornby Road, Bombay; 294 Bow Bazaar Street, Calcutta.

EGYPT: Mr F. Diemer (Finck & Baylaender Suc.), Shepheards Building, Cairo.

CHINA, JAPAN AND STRAITS SETTLEMENTS: Messrs Kelly & Walsh, Shanghai, Hong Kong, Yokohama, Singapore.

UNITED STATES: The Macmillan Co., 64-66 Fifth Avenue, New York.

Anyone who desires any information with regard to THE ROUND TABLE and its objects or who has any difficulty in obtaining a copy at the above-mentioned places should apply to the following:

UNITED KINGDOM: The Secretary, THE ROUND TABLE, 175 Piccadilly, London, W.

CANADA: A. J. Glazebrook, Esq., Janes Buildings, Yonge St., Toronto; or J. A. Stevenson, Esq., 16A Fort Barry Court, Winnipeg, Manitoba.

AUSTRALIA: F. W. Eggleston, Esq., Imperial Chambers, Bank Place, Melbourne.

SOUTH AFRICA: J. Tyndall, Esq., 29 Sauers Buildings, Johannesburg.

NEW ZEALAND: S. A. Atkinson, Esq., 162 Featherston St., Wellington.

INDIA: H. D. Craik, Esq., Amritsar, Punjab.

ORDER FORM

Date.....

To.....

.....
Please add my name as a subscriber to THE ROUND TABLE
for a period of one year commencing with the *current issue.

I enclose a remittance of 10s., \$2.50 (Canadian), or Rs.7/8.

Name.....

Address.....

.....
*Delete one of these words

LONDON: MACMILLAN & CO., LTD.

The Ethics of Empire

lies in the nature of the arguments put forward by its advocates. The men who initiated the policy set themselves to prove its necessity on grounds either of national economy or of national defence. Doubtless both these lines of argument have their value. They have succeeded, especially the latter of them, in carrying conviction. But they do not strike to the root of the problem of Empire, or furnish, as they stand, an adequate justification of closer union. Economic argument in particular is open to serious objections. It is always too inconclusive to produce clear conviction. There is scarcely a single economic question of importance on which the experts are not at variance. The man in the street has neither the leisure nor the equipment of knowledge requisite to weigh the conflicting arguments. Where the arguments are highly abstract and theoretical, the controversy is bound to strike the public as academic. But the main objection is that the issue is not really an economic one. The problem of Empire is a political problem, to be determined not by the standard of wealth, but by that of national well-being. Neither the past history nor the future destiny of the Empire can be tested in the economic crucible. A great nation cannot be governed "on the maxims of the counter."

The argument on grounds of national defence has the advantage over the economic that it is at once concrete and political. Consequently it has carried more conviction, and has borne fruit in the adoption of certain preliminary steps to closer union, e.g., the development of the Defence Committee of the cabinet, the grants of naval support by Dominions and Dependencies, and the admission of Colonial statesmen to the *arcana* of foreign policy. It is of vital importance, because the ideal of a united Empire must be shown to harmonize with the claims of national security. To live well a people must first live; and an ideal that ignores the primary conditions of national existence is a castle in the air. But the goal of a nation is to live well, and the policy of closer union has in view a more extended purpose than

The Ethics of Empire

co-operation for mutual defence. A policy grounded solely on this motive may win acceptance, but the acceptance will be reluctant, under the pressure of facts. It will be the outcome of compulsion from without, not of national aspiration from within. And there is a further danger. Democracies are slow to master international situations and do not readily take long views in politics. The need of union for defence may be recognized too late.

The economic and defence arguments for closer union cannot stand alone. Their due place is in subordination to, and in confirmation of, considerations of a broader and more convincing nature. Neither a *Zollverein* nor a *Kriegsverein* will suffice to solve the Imperial problem. The conception of a British Empire, welded into a solid and enduring political union, must be shown to be the mutual and necessary satisfaction of the moral interests of its members. It must appeal convincingly as an ideal of moral welfare to the ardour and imagination of a democratic people.

This assertion rests on an assumption which to many will appear paradoxical. Is it true that a nation will respond to a moral appeal more readily than to one based on grounds of material advantage? Such a suggestion is almost unintelligible to the professional politician. He is by nature and habit an opportunist, one whose horizon is bounded by the expediency of the present moment. But the plain man, fretted by the unreality of party controversy, looks, and often in vain, for a political leader inspired by personal conviction and for a policy addressed to the sound moral sense of the community. Failing these, he is apt in his ignorance to catch at any travesty of idealism that stirs his imagination and his feelings. He asks only that the appeal, be it wise or foolish, should accord with his moral aspirations. The hold that Socialism has won is evidence of this. The nerve of its appeal is not so much the attack on property as the claim to offer a gospel of national salvation. It comes forward—though in masquerade—under the guise of a religion. It borrows the machinery of religious organizations,

The Ethics of Empire

and has its catechisms and Sunday schools. Its strength lies in its spirit and goal, not in the detail of its means. It preaches a better and brighter life for the people. The same is true of the social reforms preached from the platform by Mr Lloyd George. Superior people censure him for rhodomontade and sentimentalism, but in so doing they miss the point. He is sincere, and speaks to those who are suspicious not of error but of insincerity; he speaks as an idealist to idealists, proclaiming the advent of better days for the toiling masses, and evokes an instant response. The working man does not criticize his proposals any more than those of the Socialist. He is carried away by the moral appeal. The cynical observer may suggest that the efficacy of the appeal lies in its emotional extravagance rather than in its moral quality, but this is not necessarily the case. What is it in Lord Roberts' advocacy of universal military service that compels the attention and often the assent of the man in the street? It is not so much the sense of national peril or the logic of the argument as the moral personality of the speaker and his call for personal sacrifice in the name of duty, a call which every man, whether he obeys or not, can understand. The more intelligent among the working classes welcome with eagerness any serious discussion that bears upon problems of life and action. Those who have experience of the summer schools for artisans held periodically at English universities can bear witness to their interest in such questions, even when handled from the standpoint of speculative philosophy. The discussions tend to gravitate from social and economic topics to the wider issues of ethics and metaphysics. They leave the impression that what the men are in search of is a philosophy of life that will lift them above and beyond the depressing industrial conditions with which they are but too familiar. It is these thinking minds among the working classes, rather than the politician or the journalist, who in the end mould the opinion of their fellow workers. The advocates of closer union should lay the moral to heart. If the working men of

The Ethics of Empire

England are to be stirred by the thought of Empire, it will be when that thought kindles their imagination and enlarges their outlook upon life.

History affords abundant illustration of the power of moral ideals to rouse a people to action. The philosopher, too, has borne his part in great national movements. The ethical teaching of Fichte was a potent influence in awakening the youth of Germany to resist the Napoleonic despotism. The ardour of young Italy for national unity and freedom was kindled and ennobled by the moral idealism of Mazzini. Without Mazzini the astute statesmanship of Cavour would have been powerless to liberate Italy from the Austrian yolk. Cecil Rhodes, despite certain obvious faults, won a hold upon the people of South Africa by strength of an imaginative idealism in which philosophy had its place.

The development of the British Empire teaches how moral conviction and devotion to duty have inspired the building of the structure. Opponents of Imperialism are wont to suggest that the story will not bear inspection, that it is largely a record of self-aggrandizement and greed. Such a charge betrays ignorance of its history. It is true that the Elizabethan pioneers recked lightly of aggression and plunder, for they were combatants in the life-and-death struggle against Spain. It is true that in the seventeenth and eighteenth centuries the expansion of Britain in east and west was governed by interests of commerce; but it is also true that with the assumption of responsibility economic ambition was subordinated to the moral ends of political government. The gradual transformation of the East India Company from a trading corporation into an instrument of government shows clearly how, when the Empire was once in being, the interests of wealth yielded place to those of law. Commercial and strategical motives led England to Egypt, but her policy there was directed to the reform of abuses and the maintenance of rights. The men who have laboured most enduringly at the fabric of Empire were not

The Ethics of Empire

getters of wealth or plunderers of spoil. It was due to their strength of character and moral purpose that British rule in India and Egypt has become the embodiment of order and justice. The story of their lives has never failed to stir their countrymen to admiration, and there is no surer remedy for misconception as to the moral function of the British Empire than the study of the men who made its history.

II

BISHOP CREIGHTON is said to have observed that Englishmen not only have no ideas but hate an idea when they see one. The truth is rather that while Englishmen have a deep dislike of theories which they suspect of being academic, they are highly susceptible to those which steal into their horizon unobserved. When a new political doctrine is proclaimed by a group of thinkers, it is received by the British public with apathy or avowed antagonism. Gradually it works its way through journalists and intellectual middlemen into the mind of the community, until after a generation it is accepted without question by the intelligent public. It has ceased to be the hallmark of a sect and has become part and parcel of "the wisdom of our forefathers." So it was with Puritanism in the seventeenth century, and later with the Whig doctrine of the social contract; so it was also in the Victorian era with the political and economic theories of the "Manchester" school. The danger that attends this process is that by the time the theory wins wide acceptance it has ceased to fit the facts.

The indifference felt by democratic idealists towards the British Empire is part of the baneful inheritance from the Utilitarian school of thinkers who flourished in the earlier half of the nineteenth century, the school of Bentham and the two Mills, of Cobden and the Manchester economists. The motive of their philosophical speculations was zeal for

The Ethics of Empire

practical reform. In an age when abuses were rampant, they confronted them with the weapon of dispassionate logic, and, regardless of authority or tradition, arraigned the institutions of their country before the bar of reason. They devised a system of ethical and economic doctrine to serve as a groundwork for their projects of reform. Inspired with a naive optimism in regard to the power of intelligence to rule men's conduct, they believed that the practical adoption of their theories would bring with it a social millennium. Fruitful as was their crusade in reforming abuses, especially in the penal code and the administration of justice, they were singularly disqualified to initiate a constructive policy. They were doctrinaires without imagination, who regarded art as misrepresentation and religion as fanaticism, ignorant alike of the significance of history and of the force of human passion. Faced with the complexities of life, they simplified artificially both the problem and the solution. James Mill aspired "to make the human mind as plain as the road from Charing Cross to St Paul's." Bentham's aim was "to introduce a mathematical calculation upon subjects of morality." Men in their eyes were economic units, actuated by a single motive, desire of pleasure. The State was an economic instrument, designed to secure the maximum of a limited supply of pleasure for the individuals composing it. In itself "all government was one vast evil"; they advocated democracy not from faith in the people but because a government would only be restrained from plunder if it were representative and responsible. Such men were hardly likely to understand the problem of Empire or the moral ideas that underlie an Imperial policy. In their system of morals there was no room either for duty or for personality. Of duty Bentham wrote that "if the use of the word 'ought' be allowable at all, it *ought* to be banished from the vocabulary of morals." Obligation to perform an action meant to him simply that you will be punished if you don't. Equally destructive of the idea of personality was their belief that character was the product of and was indefinitely modifiable by circumstances, i.e.

The Ethics of Empire

by the artificial manipulation of pleasures and pains regarded as external motives. Further, the individualism of these thinkers, their rooted mistrust of State interference, and their economic gospel of *laissez faire*, found expression in the well-worn analogy that as the fruit when ripe drops from the tree, so the colony on emerging from tutelage will become independent of the mother-country.

The mission of the Utilitarians ended with the removal of the abuses that gave it birth; they were impotent to solve either the industrial problem at home or that of Empire beyond the seas. They failed because their doctrines were abstract and academic, out of touch with the concrete realities of the national life. Already in their own day they were assailed from various quarters by men of more constructive imagination and deeper insight into human nature. Writers as diverse as Newman, Disraeli, and Carlyle were at one in branding Utilitarianism as the enemy. Newman records in the *Apologia* that "the most oppressive thought, in the whole process of my change of opinion, was the clear anticipation, verified by the event, that it would issue in the triumph of Liberalism"; a Liberalism associated, he tells us, with the doctrine that "Utility and expediency are the measure of political duty."* Disraeli wrote in 1833 that "the Utilitarians in politics are like the Unitarians in religion; both omit imagination, and imagination governs mankind." But the fiercest of their critics was Carlyle. To the moral criterion of pleasure and the individualist conception of the State he opposed the ideal of duty and the promotion of moral personality as the end of government. He too based his teaching on the speculations of philosophers. He drew inspiration from the great minds of Germany who in the two preceding generations had reconstructed the foundations of European thought—Kant, and Kant's successor, Fichte. Their speculations in this field centred in precisely those two governing ideas of duty and personality for which the Utilitarians left no place. By aid of those ideas, they

* See Newman's *Apologia*, iv, § 2, and (especially) Note A.

The Ethics of Empire

exhibited the State as a moral institution, existing for the moral welfare of its members, for whose activities and obligations it furnished at once the arena and the opportunity. Carlyle set himself to apply these doctrines to the problems of Victorian England. In *Heroes and Hero-Worship*, in *Sartor Resartus*, in *Ghastism* and *Past and Present*, we see the fruits of this inspiration. We may well ask the question, whether the ideas that proved so relevant to the social and industrial problems of Carlyle's generation may not have a like significance for the problem of Empire in our own.

III

DUTY is an abstract term, but the facts it signifies are the most concrete and real in our experience. The essential thing is to grasp its meaning as a motive power in men's lives. We must think of duty, not as a vague abstraction, but as realized in particular cases, such as those of Speaker Lenthall in the presence of King Charles, or of Nelson on the morning of Trafalgar. Thus considered, it has two sides. It implies an ideal motive, clearly distinguishable from the expediency of the moment. In ordinary private relations, like those of parentage or friendship, every one admits this distinction. But in public life, save where political action directly touches personal honour, it is apt to be forgotten. People think that "politics has no morals" and ignore the truth of Burke's maxim that "the principles of true politics are those of morality enlarged." They restrict their outlook to the material interests of the situation, whereas regard for public duty requires the subordination of particular situations and material interests to ideal ends. It is not that the dictates of public duty are necessarily inexpedient, but that they point to something higher and more enduring, which is often in sharp contrast to the apparent expediency of the hour.

The Ethics of Empire

Where this ideal motive is wanting, political action degenerates into opportunism, and history teaches on every page that opportunism, in the long run, spells disaster. Nor, again, are ideal principles exclusive of ambition. Rather is the ambition of the statesman praiseworthy or depraved according as it is inspired or not by such ideals. "I know that I can save this country, and that no one else can" was in the elder Pitt the expression at once of an ideal purpose and a generous ambition.

But duty implies something more than the mere ideal intention. It implies insight into a given situation of fact. It is in relation to particular situations that the principle of duty is translated into a concrete obligation. Duty is always duty here and now, not duty in general; and clear knowledge of the situation is requisite if the obligation is to be effectively discharged. Where this practical insight is wanting, the resulting action, however well intentioned, will issue in blunder; and history teaches again on every page that political blunders are worse than political crimes.

In the history of the Empire the most fruitful work has been accomplished by men whose acts were inspired by public duty, enlightened by clear insight into the facts they were called upon to face. Errors in Imperial policy have been due in the main not to lack of moral intention on the part of Governments, but to their failure to recognize the actual nature of this responsibility. The South African policy of the home Government throughout the greater part of the nineteenth century is evidence of this. British statesmen did not trouble themselves to become acquainted with the facts. They trusted to virtuous intention, backed up by one-sided and partial information. In other words, they failed in duty. As always happens, neglect of the one essential—clear knowledge of the facts—led to neglect of the other—the ideal principle, as was evidenced in the opportunism that marked their decisions when, after Majuba, the situation became so serious that they were forced to pay attention to it. The responsibility

The Ethics of Empire

for the South African War rests not on Mr Chamberlain nor on President Kruger, but on the criminal indifference of the successive governments who, in the half century after 1814, helped to pave hell with good intentions, and in deference to an abstract theory of duty turned their backs on the real obligations of Empire.

Englishmen still need to be reminded of the lesson. National responsibilities are marked out at each stage of history by situations of fact, and to-day the situation of fact, for good or evil, includes the fact of the British Empire. The responsibility is not one to be chosen at will, or one that the British and Colonial democracies may take or leave. It is one that concerns not only their own welfare, but that of millions of less civilized human beings whose moral destiny is entrusted to their charge. No State in human history has ever been confronted with a responsibility so tremendous. This responsibility demands that it should be faced, and, if the issue is not to prove disastrous, it must be faced in the twofold strength of clear insight and of moral conviction. There are, as always, the two paths that lead to ruin. There is the path of opportunism, the path of the party politician and the Colonial Office official, of the men who know the facts, but are blinded to ideal principles by the interests of the moment. And there is the path of unenlightened idealism, which shrinks from the burden of responsibility, or offers an abstract theory as a panacea for a practical emergency.

Social reformers in this country are prone to speak slightly of the problem of Empire. Radical idealists oppose the ideal of domestic reform to that of Imperial union. It is well to recognize that the very fact of their idealism entitles them to a respect denied to the opportunist. And signs are not wanting that the minds of Radical reformers are opening to the urgency of the Imperial question. A striking address was delivered recently at the Reform Club by Mr E. D. Morel. He recognized "that a mass of prejudice has gathered round the word Imperialism, and that it

The Ethics of Empire

is not a popular word in Liberal circles." In face of this prejudice he urges the moral significance of the Empire to the English-speaking race.

We must make it clear that the Empire, as we regard it, is an instrument forged by the British race, which has to its credit marvellous achievements in the cause of human liberties; a structure many of whose finest pillars have been constructed by the Liberals of Great Britain and which must endure for the good of humanity; "the greatest force"—as that stout Liberal, Sir Wilfrid Laurier, once said—"that ever existed for the rights of man in history." To preserve that force, and not only to preserve it, but to preserve its glorious traditions, and so to perfect the Imperial edifice that it may successfully weather the growing seriousness of the problems with which its architects have to grapple—such, I make bold to state, is the ideal which should commend itself to British Liberalism.

Recognition of responsibility is a call to action, and abstention is always contrary to duty. It is not a bad maxim in politics to act in favour of the more constructive policy. We all know the type of idealist who is the victim of the spirit of negation, the Mephistophelean spirit that ever denies ("*der stets verneint*"), who remains inert and critical when confronted with a positive obligation. The problem of Empire, as a problem of national duty, calls not for idle criticism but for constructive solution.

IV

THE end of the State is to make men, and its strength is measured not in terms of defensive armaments or economic prosperity but by the moral personality of its citizens. The limits to its action are prescribed not by abstract doctrines of non-interference, but by the fact that the development of human character depends rather on individual enterprise than on governmental regulation. But within these limits the function of the State is positive and ethical, to secure for its individual members that they

The Ethics of Empire

shall not merely live but live well. Social reformers are prone to insist too strongly on an ideal of material comfort for the people. This prejudice is part of their inheritance from the school of Bentham. A life of satisfaction depends not on higher wages or lower prices or on leisure for recreation, but on work that calls into play the higher capacities of man's nature. The curse of present-day industrial conditions is their paralyzing monotony. They offer little opportunity for the play of human sympathies and human interests. They give but narrow scope for the growth of individual personality. What is essential to that end is an enlarged outlook upon life and a wide field for individual energy. The cry of the masses should be not for wages or comforts or even liberty, but for opportunities for enterprise and responsibility.

A policy of closer union in the Empire is full of significance in relation to this demand. It promises a life of energetic activity to those who settle in countries beyond the seas, where capacity and merit are less hampered by tradition and social custom than at home. But what is perhaps less obvious but even more important is the enlargement of outlook and responsibility that must result as the Empire grows in solidarity. The British and Colonial democracies alike suffer from political parochialism. Their horizon is too rigidly bounded by their immediate environment. We may draw a useful moral from the independent City States of the past. The rich civic life of ancient Athens or of thirteenth-century Florence, bearing fruit in a marvellous wealth of individual genius, drew nourishment from the passionate rivalry that ranged city state against city state in war. Constant engagement in mortal conflicts roused intensity of civic feeling and opened a field for personal distinction that made life worth living to the humblest citizen. It is infinitely harder for the modern state, aspiring to live at peace with its neighbours, and peopled by millions of inhabitants, to realize the sense of life as it was realized in these small communities of a by-gone age. There is but one way of promise. It is that the peoples of the Empire shall realize their national unity and

The Ethics of Empire

draw from that ideal an inspiration to common endeavour in the fulfilment of the moral obligations which their membership of the Empire entails. The recognition of common Imperial interests is bound to broaden both their basis of public action and their whole view of life. Public life is ennobled by great causes and by these alone. If it be true that "a great empire and little minds go ill together," it is true also that the conduct of great affairs inspires the imagination and elevates the character of those who share in it. Political corruption, place-hunting, and party intrigue have their natural home in small communities, where attention is concentrated upon local interests. Great public causes call into being the intellectual and moral potentialities of a people. In such moments the mediocre politician of yesterday either rises to the occasion or yields place to statesmen of higher moral quality. Here as always it is true that the spirits of men "are not finely touched save to fine issues."

But it is not merely within the sphere of politics that enlarged national responsibilities touch the life and character of individuals. The State is not, as the Utilitarians used to think, merely an artificial aggregation of individuals who in order to secure protection for life and property frame a combination involving diminution of private liberty. Both common experience and philosophy teach that men are made what they are through membership of the corporate life of the community. Their liberties, their rights, their personality have life and being only in the life and being of the State. The being of the State is to be sought not merely in political and administrative institutions, in the tax collector or the policeman, the civil service or the legislature, still less in the arid formulæ of a constitutional treatise, but in the living spirit of patriotism that kindles men to jealousy for their country's honour and to sacrifice in their country's cause. The phrases "national character," "national will," and "national personality" are no empty catchwords. Every one knows that *esprit de corps* is not a fiction but a reality; that the spirit animating a college or

The Ethics of Empire

a regiment is something that cannot be measured in terms of the private contributions of the individual members. The co-operation of students or soldiers in a common endeavour, so far from restricting their scope for self-development, endows each with capacities for action which could never be realized in a life of isolation. The individualist theory of the State, though moribund, persists with stubborn resistance. It is the last survivor in these days of the Utilitarian abstractions. The "economic man" has perished, but the "economic State" dies hard. It is destined to receive its quietus from the recognition of the fact of the Empire.

Growth in Imperial solidarity will thus be fruitful in influence on problems apparently remote from that of political union. When idealists in this country concentrate on projects of domestic reform to the disparagement of the problem of Empire, they show themselves blind to the real nature of the cause they have at heart. So far from being in antagonism, the two problems can be solved only in correlation. It is not merely that a heightened sense of responsibility will strengthen the nerve of the nation to grapple with poverty and crime, but that the welfare of one member of an organic body can only be realized through the welfare of the body as a whole. The social problems in these islands, like those in India and the Dominions, demand for their solution the efforts of a united Empire.

It has been the purpose of the foregoing pages to show that the foundations of Empire are the simple principles of duty and moral personality. Here, as everywhere in human experience, it is the simplest truths that are the hardest to understand and practise. While the practical person looks only to what pays, the idealist takes refuge in Utopia.

Each must learn his lesson if his work is to be of enduring value. The practical man has to see that peoples are moved by ideals as well as by material interests, that the march of history is governed by moral even more than economic causes. The conception of a *Realpolitik* uninspired by ideal

The Ethics of Empire

motives betrays a childish ignorance of the realities of life. Modern Germany was not fashioned by blood and iron. It was the moral fibre of a great people that triumphed at Leuthen and Leipsic, at Königgratz and Sedan. What counts in history is individual and racial character, and force of character is proportional to force of moral conviction. The only sure path for national statesmanship is that of a practical idealism which seeks something higher than mere expediency in the fulfilment of public duty and in the furtherance of the moral welfare of the community. "Where there is no vision, the people perish."

The idealist, too, has his lesson to learn if his aspirations for the good of humanity are not to remain quixotic and unfruitful. He must face the facts of the situation. No serious student of the problem of Empire can fail to be impressed by the indifference or avowed hostility with which many of the most ardent social reformers view a constructive Imperial policy. That this should be so must cause him searching of heart. There have been faults on both sides. The advocates of Imperialism have failed to throw into natural and just relief the moral interests which their policy, and their policy alone, can satisfy. Idealists, on their side, have clung to the inheritance of an outworn theory of government, with its shibboleths of *laissez-faire* and individualism, its blind confidence in economic generalizations, and its prejudice against the Empire as a useless and expensive burden.

We have remarked how Englishmen accept ideas with reluctance and hesitation; but they hold to them, when once accepted, with an almost animal tenacity. The creed of the so-called Little Englander is the dying relic of an effete political philosophy within the field of domestic legislation. The Utilitarian theory of government has been renounced by idealists of all sorts and parties. Spencer's "*Man versus the State*" survives only as an historic curiosity. Pressure of fact at their doors opened their eyes to the illusion of the theory. Pressure of fact to-day is enforcing the same lesson in relation to the wider problem of Empire.

The Ethics of Empire

There are signs that the day is not far distant when the problem of Empire, like the kindred problems of foreign policy and the navy, will be lifted above the arena of party controversy. Too long has the championship of Imperial interests been associated in the public mind with a single party in the state.

The call to Radical idealists is that they should face this problem in its entirety. Hitherto their interest in political issues outside the borders of the United Kingdom has been for the most part confined to the two questions of native races and international peace. But these are the very questions that demand for their solution a constructive Imperial policy. It is significant that in Mr Morel's address, already quoted, they are singled out as evidence of the necessity of closer union. Speaking of the "common purpose which, when all is said and done, is and must be the bed-rock of our Empire—our responsibility for the happiness and welfare of the weaker races living under the protection of the British flag," he points out that "hitherto the people of these small islands have confronted this responsibility single-handed," and appeals to the "common trusteeship" of these native races as a moral interest which a policy of closer union alone can effectively secure. Similarly, in giving reasons "why Liberal opinion should welcome Colonial participation both in Imperial defence and in foreign policy," he urges that such participation "should tend to lessen the burden of naval armaments" and "should be an influence in favour of peaceful relations with the rest of the world." To any man acquainted with the character and interests of the Mother Country and the Dominions, the suggestion that a united Empire would use its strength in aggression against other nations is simply unthinkable. Rather would such a union prove an effectual guarantee of the peace that at present is imperfectly secured by a balance of combinations among the European Powers.

The peoples of the Empire are face to face with a unique and an historic opportunity. It is their mission to base the

The Ethics of Empire

policy of a great Empire on the foundations of freedom and law. Political liberty had its birth in ancient Greece, but dissolved in the Greek city-state into political anarchy. The Roman Empire established law at the cost of freedom by the instrument of bureaucracy and despotism. The mission of the modern state is to realize their union. The Mother Country and the oversea Dominions have, each within their several borders, wrought strenuously at the task. It remains for them to crown the structure by the institution of a political union that shall give solidarity to the Empire as a whole. Duty and the logic of facts alike point this goal of their endeavour. They are bound to go forward or to go back; and the policy of closer union finds its justification in the faith that will carry it to completion.

UNITED KINGDOM

I. POLITICAL APATHY

THE chief feature of the past three months has been a singular want of interest in public affairs. In the House of Commons and the House of Lords alike proceedings have been marked both by dreariness and apathy; and whether the apathy be the cause or the consequence of the dreariness, there is no doubt as to the existence of both. Naturally enough, this listlessness has been reflected in the press, and communicated by the reporters and writers of leading articles to the man in the street. The condition of things is not unlike what is observed in a country house on the day after a hunt ball or Highland gathering, when people are seen yawning in corners, and no one seems able to keep awake without a vigorous effort of the will. In a recent speech Mr Balfour examined another aspect of the same matter—the disregard of Parliament, which, in his view, has been creeping on us unobserved ever since 1874, when he first entered public life. He was there discussing in a philosophical spirit the tide in the affairs of the British democracy, while what occupies our attention at the present time is something different—a sharp, temporary, noticeable change, a sudden great backwash like that which frequently precedes an earthquake wave. But when Mr Balfour said that events had “greatly destroyed the House of Commons’ own interest in itself,” and when he added that “directly the House of Commons ceases to be interested in itself, no

Political Apathy

human being is going to be interested in it," the remarks were no less applicable to the particular phenomenon which confronts us at this moment than to the general tendency which, if he be correct, has been slowly manifesting itself over a prolonged period. For evidence of dreariness and want of interest it is not necessary to look further than the very first day of the session, when, according to *The Times*,* "there was a good deal of apathy in both Houses, and members of the Commons are already speculating as to whether they will get a fortnight's or three weeks' holiday at Whitsuntide!"

What, then, is the cause of a change so remarkable that it has attracted general notice and comment? Without any doubt, it is due in part at least to the effects produced by the Parliament Act. The idea is prevalent, and will not be shaken off, that the present session does not matter very much. Certain formalities have to be attended to. The great measures of last year have to be passed a second time. There will be a considerable amount of walking round in the division lobbies. The closure will work with the regularity of a piston-rod. If any one of the bills be amended in a single particular, it will become dead automatically; and in all probability the Government will be buried in the same grave. So as nothing can possibly be changed, perhaps the less said the better. More talking by Ministerialists will not help the Government, nor will more talking by the Opposition much hinder the Government. The work, therefore, which lies before the House of Commons at the present time is certainly arduous, and it may be necessary; but it is not such as will ever be undertaken without disgust by intelligent and self-respecting men.

So this session appears not to matter very much, while last session did matter a great deal; and the contrast between the two seems to have taken the zest out of public life. Gradually the melancholy reflection is forcing itself upon us that under the working of the Parliament Act certain disadvantages are

* March 10.

United Kingdom

inevitable. It is inevitable, for example, whenever the Liberal party comes into power that the House of Commons will be driven almost to death during the first session. Night after night, month after month, from January to December, and on through a second January and a second February, and probably well into a second March members will be wearied with a flood of impoverished and acrimonious speech, will be hustled and herded into the "Aye" lobby and the "No" lobby, and counted up, and sent back again to sit on the leather benches till they are required to be counted once more. And the work itself will be scamped and done imperfectly. Trifles will be spun out and important issues left unconsidered. The minds of members, cumbered and worried with too many prime issues, will be unable to give proper consideration to all of them, or perhaps to any of them. Such were the features of that session which lasted throughout the whole of 1912 and which only came to an end in March of the present year. Its work consisted in having passed bills to establish Home Rule in Ireland and to disestablish the Church in Wales, and in having attempted but failed to pass a Reform Bill for Great Britain. The substantial truth of this account will be admitted by everybody, no matter to what party he may belong; and to admit it is the same thing as to regret it.

And if with a Liberal ministry in power it be inevitable that during the First Session of a new Parliament the human machine will be overworked, it appears equally inevitable that the Second Session must be dreary and lifeless. Private members to-day are stale from overwork, and perhaps even more from work unduly prolonged. The leaders of the Opposition, with their greater responsibilities, are even staler. Ministers with responsibilities still heavier, with anxieties outside Parliament as well as inside, and oppressed by the ceaseless drag of administration, are the stalest of all. The great political canoe which shot the rapids of last session without shipwreck is now resting in an eddy; and while from behind the sound of the rapids which have

The Discouragement of all Parties

just been passed is still echoing, from before the roaring and booming of those which will have to be encountered during the session of 1914 are already becoming audible.

So far as the attention of our politicians can be said to be fixed upon any serious problem of public affairs it is fixed upon the session which will begin in January or February of next year. The measures which by that time will have been twice passed will then be passed a third time and become law. For men of all parties this prospect is charged with anxiety. Everything is uncertain. It is full of possibilities, none of them very reassuring, in spite of the hopes by which they are still illuminated; some of them the very reverse of reassuring. Meanwhile our public men are dozing between the labours of 1912 which have exhausted them and those of 1914 which are not likely to prove one whit less strenuous. They have "slumbered into a sleepeing"; but their repose is restless, and their dreams disturbed. Perhaps by and by they will rise refreshed, and this is devoutly to be wished. Perhaps, however, they have fallen asleep in a snow-drift, and when they awake may find themselves in the world of the politically dead.

II. THE DISCOURAGEMENT OF ALL PARTIES

ANOTHER obvious cause of the apathy and dreariness of politics at the present time is the disheartenment of all political parties. Even in the case of the Opposition, whose spirits under normal circumstances tend to rise as those of their opponents sink, the depression is noticeable. Many, if not most, of their best fighting men are to some extent discouraged by the abandonment of the Food Taxes. They may have consented to this abandonment willingly or unwillingly, but they are discouraged all the same. Any change of policy in a political party is a disturbing influence, but as the change is an advance or a retreat, an adding-on of

United Kingdom

something or a giving-up of something, it affects the different sections of the party in different ways. The addition of a new and bold idea will usually warm and delight the hearts of the fighting men; but it will just as certainly discompose the minds of the cautious partisans. And, on the contrary, the withdrawal of an unpopular item from the party programme, though it may comfort the souls of the prudent, will inevitably distress and humiliate to a greater or less extent the proud military spirit of the fighters. So it has been in this case. And now the cautious and the prudent are realizing—what perhaps they did not reckon with enough at the beginning—that the preponderance of certain opinions, however overwhelming, is not everything; that the value of the fighting men, who are never more than a handful in any party, is beyond all proportion to their numbers; that it is not less important to have your small minority of warriors in good fettle than to have your vast majority of the other sort comfortably persuaded. It is easy, according to our political affinities, to exaggerate or to make too light of the extent of this influence at present. It undoubtedly exists, but it seems to be gradually lifting and passing away. It would probably be fair to sum up the situation by saying that the Opposition seem to be gaining confidence, but are not yet by any means in an exultant mood. It is the characteristic of a fighting man that his spirits are not difficult to revive. Give him time and a few kind words, and, above all, show him that the enemy are in a worse plight than himself, and he will probably come out of his tent before long and lay about him as lustily as ever. His dudgeon and depression are in their nature temporary; while, on the other hand, the disheartenment of the Three Parties whose union maintains the present Government in office appears to be more dangerous for the reason that it springs from more permanent causes.

The Labour party is disheartened because it has so little to show after seven years of strenuous existence—so little, at all events, that is sensational or dramatic. The adherents of

The Discouragement of all Parties

new ideas and ideals are an impatient race, which is peculiarly unfortunate, seeing that their high hopes are much more liable to suffer disappointment than the milder aspirations of the party politicians. A revolutionary creed requires to be supported by super-eminent abilities and to be guided by altogether exceptional leadership if it is to prevail against the innate conservatism of the House of Commons and those batteries which experience, official and otherwise, is always ready to bring to bear upon it from either side of the Speaker's chair. And as the representatives of Labour are merely good average members of Parliament with nothing super-eminent about them, and as in the matter of leadership they are peculiarly weak (owing partly to their elaborate precautions against dictatorship, and partly to the absence of the heaven-born dictator who breaks through all precautions), the party appears actually to have less power and to be less influential to-day, when the life of the Government depends upon its support, than in 1906, when Sir Henry Campbell-Bannerman had a majority which rendered him entirely independent of its friendship or hostility.

Meanwhile the Labour party is the constant target of criticism for Labour orators, and journalists, and organizers out of doors. This criticism is occasionally very bitter, suggesting not only envy on the part of the critics, but an atmosphere of suspicion and distrust on the part of the audiences to whom the critics are appealing. The proceedings at Westminster are more and more held up to ridicule and execration as "a farce." The working man is warned that he is for ever being deluded with ashes offered to him in the guise of "rare and refreshing fruit." The House of Commons is described as "the House of Pretence," controlled absolutely, if indirectly, by a gang of capitalist conspirators who, while appearing to be bitterly opposed to one another, are in reality in fundamental agreement. The Labour representatives are at one time despised as dupes, at another denounced as renegades, and it is always remembered against them that they earn £400 a year merely by sitting on

United Kingdom

leathern divans, and making speeches now and again. This, to the orator or journalist who has not as yet been overtaken by the same catastrophe, is hard to reconcile with unblemished integrity; while to his audience, who have no personal knowledge of the parliamentary life, it appears to be a much lighter, pleasanter and more wholesome lot than manual toil.

The Irish party is also out of spirits. As the Home Rule Bill advances stage by stage, and the time draws nearer when its provisions are likely to be tested in practice, doubts as to what will actually happen under the new regime have begun to occupy men's minds, perhaps even more than the victory and defeat of which it will be the symbol. To all appearance the hostility of Ulster is undiminished, while the degree of warmth which the measure will call forth throughout the rest of Ireland, when people are actually face to face with it, is a thing quite impossible to gauge. The difficulties of putting a new constitution into force are hard enough even when the principle has been generally approved, and when there is no compact and recalcitrant minority determined to wreck it. The glory of the first cabinet at College Green will be great if it succeeds in pacifying Ireland, but its shame will be overwhelming if it fails. Agitation, even in the least offensive sense of the word, is not the best school for administration; but while administration will be the first duty and perhaps the final test of these new institutions, the men who will naturally take charge are men who have spent not only their youth but their middle age mainly in criticism, and have never at any time borne the burden of executive responsibility. With these thoughts others are mingled, not perhaps so oppressive to serious and courageous minds, but disheartening in another way. There is a probability—indeed, from hints which have been dropped by cabinet ministers, there would appear to be a certainty—that after the Home Rule Bill has passed into an Act, but before it has come into practical operation, a general election will take place. Should this general election go in favour of the Government,

The Discouragement of all Parties

their hands will undoubtedly be strengthened; but should their majority be diminished their authority will be enormously weakened; and should they be defeated Home Rule will once more become a lost cause.

Nor can it be overlooked that within the Irish party there are other causes for anxiety. The difficulty of keeping their men at Westminster when there is no Irish business on hand, the necessity for doing so if the Government (and with it the Home Rule Bill) is to escape shipwreck, are considerations which have always been present to the minds of the leaders. This trouble is increased when, as happens to be the case just now, their men are out of humour. In deference to a sentiment practically unanimous among all British parties, the Government, after prolonged delay, have at length been compelled to offer an annual grant to Sir Horace Plunkett's Irish Agricultural Organization Society. It is true that they have attached to this grant conditions of an onerous and restrictive character which were not suggested in the cases of the similar societies in England and Scotland; and on this ground the grant may possibly be rejected by the Irish society. But this will not alter the fact that despite a most strenuous and bitter opposition by Mr Dillon, backed by the whole force of the Nationalist party in Parliament, the offer of the grant has been confirmed by Mr Asquith's government with the hearty approval of their Liberal supporters. This is a personal defeat for Mr Dillon and a slap in the face to his followers.

The spirits of the Liberals themselves are no higher than those of their allies. It is not to be wondered at, for they have been nearly eight years in office. Eight years of government, eight years of law-making and attempts at law-making are enough under modern conditions to sap the vitality of the strongest party and the robustest faith. Weariness, disillusion, and the consciousness of failure oppress any party which has been in power for a lengthy term. Their victories, their successful administration, and their great legislative achievements slip out of mind, and what occupies their

United Kingdom

thoughts instead are the difficulties which are still facing them, the possibilities of defeat, and the recollection of those things which they have attempted in vain. What they have accomplished may be of much greater moment than what has escaped them; but they ignore this consideration, and they know well that the country will ignore it also.

An example may be taken from the military policy of the Government. In one very important part it is an admitted failure. The Territorial forces have fallen considerably below their minimum establishment, and appear still to be shrinking steadily and somewhat rapidly. Lord Roberts meanwhile has been preaching national service to immense and apparently sympathetic audiences in the great towns. His constant theme has been the failure of the Government scheme—a failure due not to any wickedness on the part of the Government, or even to any ignorance of the true ends in view, but solely to their having taken the wrong road and having attempted to provide defences for the country upon an impossible theory and erroneous premisses. Against these criticisms Colonel Seely was bound to defend his department; but he has done so in such a way as to expose himself to a vigorous attack both from the Unionists and the Liberals. Even in a journal where Liberal cabinet ministers are usually as safe as a stag in a sanctuary the Secretary of State for War has been severely taken to task; while in a journal of more advanced views he has been reminded with a brutal frankness that for a man to change his party without at the same time changing his opinions is insufficient ground for admitting him to office in a Liberal cabinet. But all these various things taken together—the shrinking numbers of the Territorials, the affection and authority which Lord Roberts's name commands, the maladroitness of Colonel Seely, but perhaps most of all the raps over the knuckles which have just been administered publicly to this unfortunate member of the cabinet by his own press—have had a cumulative effect upon

The Discouragement of all Parties

the popular mood, and have stirred people to curiosity, or anxiety, or dissatisfaction according to their natures. The security of our military position is no longer taken for granted. People's minds are disturbed, and they want to have much fuller explanations in order to be reassured. They have got it into their heads that some folk are very anxious to hush something up, and that they ought not to be allowed to do so. In this mood the trustworthiness of official statements or assurances is not taken for granted, nor is there a firm belief in the adequacy of British defences on land, or upon the waters, or in the upper air.

This is a typical, though it is not a solitary, instance of the way in which anything in the nature of a failure affects the reputation of an elderly cabinet and reacts upon the spirits of the majority in the House of Commons. Mr Lloyd George's "Land Inquiry" appears, for the present at all events, to come within the same category. It is not in the best of credit even with the Liberals. The line of policy which is supposed to have inspired it appears to be viewed with some distrust by a considerable section of the party. Nor does its composition inspire the highest confidence. But the chief thing about it which dissentient Liberals are inclined to blame is the clumsiness of its promoters, who, by the way in which they started it, have given colour to the taunt that it is merely a partisan commission in search of facts to support their preconceived ideas. Its steps, moreover, are dogged by a grotesque parody in the shape of Mr Maxse's "Radical Plutocracy Inquiry," which marches behind mimicking its procedure and its gestures very much as a street urchin may sometimes be seen following and aping a respectable citizen. The list might be extended considerably in the region of foreign as well as domestic affairs, but enough has been said to show that if the spirits of the Liberal party are suffering at least as much as those of any of the other parties from the prevailing depression there is not much cause for astonishment.

United Kingdom

III. THE WANT OF DRAMATIC ANTAGONISM

THE picture for the moment is somewhat depressing. The one thing which would brighten it is wanting—some strong personal antagonism. For no democracy will ever be interested in ideas alone; still less in dim ideas which have got into a great confusion. It needs men as well as policies to stir the popular interest—men even more than policies; and the men must be opposed to one another in a dramatic conflict. They must be well matched, and must put up a good fight. So it was in the struggle between Peel and Disraeli, between Disraeli and Gladstone, and in that heroic age when Gladstone, Randolph Churchill, Parnell, Lord Salisbury and Mr Chamberlain were all at one another's throats. British politics is like a pair of scissors. There must be two blades. And not only must the blades be good and finely tempered; not only must their edges be keen; but they must be closely set, and screwed firmly together so that the edges cut cleanly one against the other. At the present time this is wanting. There may be plenty of blades lying about, as good as ever came out of Sheffield or Toledo; but apparently some are blunt through laziness, while others are rusty from disuse; and certainly no two of super-excellent quality and keenness are fitted against each other so that they shear along their whole lengths with a crisp musical chirp. Finding ourselves in a political world full of half pairs of scissors, we are constantly on the look-out for some happy miracle which will bring about the much-desired mating. We speculate as to what might happen if Mr Lloyd George and Mr Churchill were to find themselves on opposite sides, or if a real antagonism were to spring up between Mr Asquith and Mr Bonar Law. Both things are conceivable, but the latter seems the better hope. Of late there have been some encouraging signs. The abilities of these two leaders are of very different sorts; their characters

The Want of Dramatic Antagonism

are as the poles apart; and it is clear that their moods and processes of thought are unsympathetic, and in a political sense—perhaps even in a personal sense—hostile. If this be so, we may draw good hopes from it; for there never yet was a really good fight in British politics where the parties to it did not hate one another with the utmost heartiness. The friendliness of Mr Balfour and Mr Asquith was fatal, because it brought the sincerity of their combats always under suspicion.

As yet, however, the much-needed dramatic antagonism is still to seek, and popular interest in politics for the time being is limited to discontent with all the parties who are engaged in it. Colonel Weston may have won the recent election at Kendal on his personal popularity. It is quite certain that he did not win it either because he favoured some kind of national service or because he did not favour any kind of Tariff Reform. It is just possible that he won it because in the eyes of the ignorant electors he appeared as an independent and honest man fighting against the humbug of both the party caucuses.

London. May 1913.

CANADA

I. OBSTRUCTION IN PARLIAMENT

IT is not easy to explain the desperate controversy in the House of Commons over the naval proposals of the Government. For months it has been whispered that when the House assembled the Opposition would force a dissolution and an appeal to the country. Ever since the general election of 1911 the Liberal press has been aggressive and violent. The defeat of the Laurier Administration was not expected. There is a deep-rooted conviction among Liberals that the country was stampeded by emotional appeals to national feeling and British sentiment and that the constituencies are eager to reverse the judgment. It is questionable if this is a true reading of popular feeling, but that such an impression prevails widely among Liberals cannot be doubted.

It was also believed that through the inclusion of three Conservatives from Quebec, associated with the Nationalist movement, the cabinet would be destroyed from within. It was found, however, that the bulk of the Conservative representation from Quebec stoutly adhered to Mr Borden, that even the withdrawal of Mr Monk hardly affected the solidity of the Ministerial structure, and that the naval proposals would command a decisive support in the Commons. There was, therefore, no prospect of dissolution through dissension in the cabinet or withdrawal of parliamentary support. Unquestionably the adhesion of Quebec Conservatives to Mr Borden greatly exasperated feeling among Liberals, and doubtless the anger of the leaders and mana-

Obstruction in Parliament

gers of the party was sharpened by memories of the extreme attacks of the Nationalists upon the naval programme of the Laurier Government.

It is also necessary to consider the character, or at least the geographical distribution, of the Opposition in the House of Commons. The bulk of the Liberal members belong to Quebec, to Saskatchewan and to Alberta. If the Government could be forced to dissolve Parliament most of these would secure re-election. Possibly losses would be sustained by the Opposition in the two Western Provinces, but these in all likelihood would be balanced by gains in Quebec. There would be the hope also of gains in Ontario, where in the last general election only thirteen out of eighty-six constituencies were carried by Liberal candidates.

It is necessary to raise these considerations because the naval proposals of the Government do not seem to supply any adequate justification of the course which the Opposition has pursued. All that the Government proposes is to have three super-Dreadnoughts constructed in British shipyards at the cost of Canada, and to place these under control of the Admiralty, but subject to recall as the nucleus of Canadian fleet units, if we should finally resolve to organize a Canadian navy. Moreover, as Mr Borden himself has shown over and over again, before the vessels can be completed we must have a general election in the regular order, and if the Liberal party succeeds the vessels can be recalled before they pass under control of the Admiralty. This programme, however, is denounced by the Liberal press and by the official spokesmen of the party as "tribute," as a mortal blow at the autonomy of the Dominion, and as the product of an evil conspiracy between Canadian Tories and Imperial Jingoists to re-establish "Downing Street," and destroy the sovereignty of the Canadian Parliament. Sir Wilfrid Laurier himself declares that the proposals of the Government

open the way to a new departure altogether in our national life. This present hour and this present day are not without solemnity. If we

Canada

pass this bill, we are turning our backs on what has been the traditional history of this country since Confederation. If we pass this bill we will certainly interrupt and perhaps put an end to the spirit of self-confidence and self-reliance which has made Canada what it is to-day. If we pass this bill we open a new page in the long and fateful struggle which has characterized colonial government from its inception to this date—the struggle between concentration on the one side and expansion on the other, a struggle which we thought had been for ever settled in favour of colonial expansion.

It is as difficult to understand the reasoning as to understand the passion behind these sentences. In this passage, however, the whole temper and attitude of the Liberal party is revealed. This in substance is what is said by Liberal newspapers, by Liberal speakers from many platforms and by Liberal members in the interminable debates of the Commons. It is impossible to think that there is any serious response in the country to these passionate utterances. Extreme partisans upon either side are excited by the party struggle. But serious-minded people are distressed over the madness of Parliament and the spectacle which Canada presents before Great Britain and the other portions of the Empire. The desire of the country unquestionably was that the parties should unite in voting the appropriation for three Dreadnoughts and probably, though not necessarily, proceed thereafter with the organization of a Canadian navy.

It is easy to understand why the Opposition should endeavour to force the Government to disclose the character of its permanent programme, and, it may be, certain statements by the Prime Minister suggest that his mind is turning from separate navies for the Dominions to a great central naval organization. For example, he said in his speech on the second reading of the Naval Bill, "If we are to remain an Empire we cannot have five foreign policies and five separate navies." And again: "A just voice of all the Dominions in foreign policy and in the concerns of the Empire and a united Empire to face every peril." So he has denounced with unsparing vigour the suggestion that, with

Obstruction in Parliament

Great Britain at war, the fleet or the ports of Canada could be neutral. So he has laid emphasis upon the time which must elapse before Canada could build Dreadnoughts, secure trained crews and officers, and create an effective national navy. It will be remembered that in introducing the Naval Bill the Prime Minister said:

There have been proposals, to which I shall no more than allude, that we should build up a great naval organization in Canada. In my humble opinion nothing of an effective character could be built up in this country within a quarter, or perhaps half, a century. Even then it would be but a poor and weak substitute for that splendid organization which the Empire already possesses, and which has been evolved and built up by centuries of the most searching experience and the highest endeavour. Is there really any need that we should undertake the hazardous and costly experiment of building up a naval organization especially restricted to Canada when upon just and self-respecting terms we can take such part as we desire in naval defence through the existing naval organization of the Empire, and in that way can fully and effectively avail ourselves of the men and the resources at the command of Canada?

These sentences are quoted by the Opposition to prove that Mr Borden actually favours continuous contributions. They do show that he has an open mind as to what will be the sounder permanent policy for Canada. There is reason to believe, however, that he has no thought of recurring contributions, although possibly he would favour direct Canadian partnership in an Imperial navy if by some constitutional readjustment the Dominion should receive a direct voice in Imperial policy. Rejecting altogether the notion of "Colonial Neutrality" he believes that even a Canadian navy must be organized in intimate co-operation with the Admiralty and controlled in time of war by a common authority. But even with such a reorganization of the Empire as he foresees and desires he probably recognizes that coast defences must be strengthened and fast cruisers and torpedo vessels maintained in Canadian waters. It is also certain that he is favourable to adequate provision for training Canadian seamen and greatly concerned to

Canada

increase the white fishing population on the Pacific coast from which alone naval recruits can be secured. These, however, he regards as questions for the future and insists that the proposal now before Parliament is strictly emergent, in discharge of an age-long debt to the Mother Country, and warranted by the increasing burden resting upon the shoulders of British taxpayers for the common defence of the Empire.

Probably Mr Borden would argue that even if no "emergency" exists it is an obligation upon the Dominion, which increases rapidly in wealth and population, to unite with Great Britain and the other portions of the Empire in immediate and effective action to maintain British supremacy on the seas. But he denies that the Government is committed to a system of contribution or seeks to manœuvre the country into a premature judgment against the organization of a Canadian navy. In presenting the emergency proposals to Parliament he said:

It must be borne in mind that we are not undertaking or beginning a system of regular and periodical contributions. I agree with the resolution of this House in 1909 that the payment of such contributions would not be the most satisfactory solution of the question of defence. But upon the information which I have disclosed to the House the situation is, in my opinion, sufficiently grave to demand immediate action.

So he said a few days ago in reply to Sir Wilfrid Laurier:

The right honourable gentleman has reiterated over and over again in the course of his remarks that this is a policy of permanent contribution. I desire, speaking on my own responsibility as a member of this Government, to take the strongest possible exception to the statements which he has made. I say in the first place that it is not a policy of contribution at all. I say in the second place that it is not a permanent policy.

He added:

So far as a Canadian navy is concerned the proposals we have submitted to Parliament are altogether separate and apart from that inasmuch as the measure is for a temporary purpose and in response to a specified statement by the Admiralty.

Obstruction in Parliament

In support of the position of the Prime Minister Mr White, Minister of Finance, said: "I am entirely against a policy of regular and periodical contributions and no one has ever proposed or advocated such a policy." But the Opposition ignores all such frank, unequivocal and straightforward declarations from the Ministerial benches. Indeed, the heading in Liberal newspapers over the report of Mr White's speech in which he repudiated a system of contribution reads: "The Finance Minister is for Contribution." No doubt the object is to force the Government to disclose a permanent programme or at least to extort a more definite declaration in favour of a Canadian navy; for this much could be said if by the Government's proposals the country was committed to continuous contributions or even if the three vessels to be laid down in British shipyards were a gift outright to the Admiralty. But when, as has been said, these vessels are subject to recall by Canada and a general election must occur even before they can be completed, the course of the Opposition passes understanding.

For a time there was violent abuse of Mr Churchill by certain Liberal members and the more extreme section of the Liberal press over two letters from the Admiralty which, in response to persistent and resolute demands from the Opposition, Mr Borden submitted to Parliament. Apparently they were intended to be confidential statements. Manifestly they were written with no delicate conception of the temper of the Opposition. In the letters there were a few rough places which might better have been made smooth, and in certain phrases an unconscious official finality which the more angry and uncompromising assailants of the Canadian Government resented. For example, there was the sentence, "It is clear that it would be wholly unwise for Canada to attempt to undertake the building of a battleship at the present moment," and the further statement that between 1909 and 1912 "a commencement was made with the establishment of a Canadian naval force, but in these three years only small progress was made

Canada

with the training of recruits and cadets and it would have been impossible for the Canadian Government to man a single cruiser." It is easy to establish the simple accuracy of either suggestion, but the Liberal politicians insisted that such sentences, and the habit of mind which they expressed, constituted a grave reflection upon the capacity of Canadians who had built the Canadian Pacific Railway and organized the scattered provinces of British North America into a powerful commonwealth. Over the letters we had much anger and much eloquence but no very successful attack upon the outstanding statements of the Admiralty that shipyards in which to construct Dreadnoughts would cost \$75,000,000, and that "such an outlay could only be justified on the assumption that Canada is to keep up a continuous naval building programme to turn out a succession of ships after the fashion of the largest shipyards in Great Britain and Europe." The fury of the attack upon Mr Churchill soon spent itself, although unquestionably the letters from the Admiralty materially weakened the argument for the immediate construction of Dreadnoughts in Canada.

There was, however, no abatement of the obstruction nor any less determination to prevent adoption of the naval proposals in the Commons. For two whole weeks the House sat continuously. While Liberal members spoke at interminable length there was no answer from the Ministerialists. There was much of taunt and gibe and denunciation and at one memorable sitting a close approach to physical violence. The Bill made no progress, the Government was helpless, the country was distressed. Negotiations between the leaders come to nothing, Sir Wilfrid Laurier resolutely refusing to fix a day for closing the debate. The Government, therefore, had either to withdraw the measure, to dissolve Parliament or so to change the rules that the will of the majority would prevail. Hence the closure and the sensational incidents surrounding its introduction.

The Closure and the Senate

II. THE CLOSURE AND THE SENATE

IT will be understood that it was in Committee of the whole House that the Liberals practised obstruction so successfully. Under the old rules a member might speak at any length and as often as he might choose upon any clause of a measure under consideration. It was in Committee that the Conservative Opposition obstructed the Trade Agreement with Washington and no doubt there is an element of retaliation in the Liberal resistance to the naval programme. It is doubtful if the Conservatives could have prevented the final adoption of the Trade Agreement. Although exasperated by the action of his opponents, Sir Wilfrid Laurier was not unwilling to appeal to the country on the issue on which he sustained defeat. During the contest five or six Liberal Ministers declared that if they won the election closure would be established when Parliament reassembled. Mr Borden and his colleagues were also able to quote many similar utterances from the chief Liberal newspapers. But nothing in favour of closure was said by Sir Wilfrid Laurier himself, and the fact strengthens his protest against the action of the Government.

It is known that Mr Borden was reluctant to establish closure. He was particularly unwilling to apply closure to a question affecting Imperial relations, or to change the rules during a bitter parliamentary struggle. From the outset, however, he held closure in reserve, and was resolutely determined to go any length necessary to establish the reasonable authority of the Government and to ensure effective conduct of the public business. The Opposition believed that closure could be obstructed as the naval Bill was obstructed, and was clearly contemptuous of any relief the Government could obtain by this method. But Mr Borden had gone into the question with the thoroughness for which he is distinguished, and early in the session had

Canada

settled the exact procedure to be taken if such action became inevitable. Finally and reluctantly convinced that any accommodation with the Opposition was impossible, he introduced the resolution under terms and conditions for which the Opposition was wholly unprepared.

When he had stated his reasons for presenting the resolution Sir Wilfrid Laurier rose to offer an amendment. Mr Hazen, Minister of Marine, rose simultaneously with the Liberal leader, but the Speaker gave the floor to Laurier. Before, however, a word could be said by the Leader of the Opposition a motion came from the Conservative benches that Mr Hazen be heard, and it was found that under Rule 17, amended by Sir Wilfrid Laurier himself in 1906, this proposal was orderly and regular. A division followed in the midst of much disorder and confusion, the motion to give the floor to Mr Hazen was carried, and the Minister promptly moved "the previous question," thus shutting out all amendments and limiting members to a single speech on the subject. Naturally this manoeuvre was angrily resented by the Liberals and by no one more angrily than by Sir Wilfrid Laurier. The answer of Conservatives is that they acted strictly within the rules, that they intended no discourtesy towards the Liberal leader, that they regret no alternative course was open, but that the action taken was absolutely necessary in order to end a long course of defiance and obstruction, reassert their control over Parliament, and prevent government by the minority.

The new rules will be effective to prevent obstruction, but it is impossible to think, as some Liberal speakers and writers contend, that they are more drastic than those which prevail in the British Parliament. It is recommended that, when full time has been given for discussing the principle and details of any measure, a Minister, acting for the Government, on giving twenty-four hours' notice, may move that the debate shall not be further adjourned or that the consideration of certain clauses shall be the first business of the Committee of the whole House and shall not be further post-

The Closure and the Senate

poned. If the motion is adopted members may speak only once and for only twenty minutes on the subject, and if at two o'clock in the morning succeeding the debate is not concluded the question shall be put forthwith. The closure can apply only to an adjourned debate and become operative only at the direct instance of the Government. The only other amendment of importance provides that on Thursday and Friday no amendment to a motion to go into supply may be entertained.

It is true that closure expands by use. Once started upon that road there is no return. But, apart altogether from this distressing partisan quarrel, the time had come for a revision of the rules in Canada, if the House of Commons was not to prove wholly unequal to the effective performance of its functions or the sessions to be prolonged beyond practical endurance. It is perhaps unfortunate that closure should appear under such sensational circumstances, but Conservatives at least are convinced that by no other method could Mr Borden and his colleagues avert complete humiliation and discredit. The naval debate in the Commons is not ended, nor the spirit of the Opposition broken, but that the Bill will go to the Senate at length is inevitable. Upon what will happen there public attention is beginning to centre itself.

In the Upper Chamber, when a few existing vacancies are filled, there will be only thirty Conservatives as against fifty-seven Liberals. Apparently many of the Liberal Senators are in active sympathy with the Opposition in the Commons and, therefore, the chances are that the Bill will be rejected. If so, it is believed that the Commons will meet in extra session, pass legislation for a radical reorganization of the Upper Chamber, and ask the Imperial Parliament for such amendments to the British North America Act as may be necessary to give effect to the legislation. Wisely or unwisely, the Administration holds that with a clear majority of forty or fifty in the representative chamber it has a mandate to govern, and it will not hesitate at any practicable measure to assert and exercise its authority. Hence,

Canada

if the Senate should prove contumacious, we face a long period of unrest and turmoil throughout which, in the intensity of the domestic struggle, Imperial considerations will be set aside, and from which probably will emerge a reformed Senate and, in the judgment of Liberals, a deformed House of Commons.*

III. CANADIAN BANKING LEGISLATION

IT is the law in Canada that there shall be a decennial renewal of the bank charters and a decennial revision of the Act under which they operate. There should have been a revision in 1910, but, owing to the congestion of business, the dissolution over the trade agreement with Washington and the subsequent change of Government, it was not until this session that Parliament was able to undertake the necessary revision. The Bill, introduced by Mr White, Minister of Finance, provides for more stringent regulations against malpractices, for additional safeguards against fraudulent organization, for more detailed returns, and for a compulsory annual shareholders' audit. It extends the power of the banks to grant credit by authorizing loans upon farm stock and grain in storage as legal security. It also enlarges the power of note issue by the authorization of additional notes, based dollar for dollar upon the deposit of gold or Dominion notes in a Central Gold Reserve to be administered by a Board of Trustees.

During the last few years there has been free criticism of the Canadian banking system, chiefly arising from the failure of the Ontario Bank and the Sovereign Bank and the wreckage of the Farmers' Bank by grossly incompetent management and fraudulent organization. In organizing this bank farmers' notes, subsequently returned to the

*The Naval Bill was read a third time in the House of Commons on May 15.—[Ed.]

Canadian Banking Legislation

makers, were imposed upon the Department of Finance as part of the \$500,000 of capital necessary to enable the institution to do business, and later \$600,000 of its resources were sunk in a silver mine at Cobalt in which its officers were interested. Following upon the inevitable collapse the general manager was sent to the penitentiary and hundreds of farmers sustained ruinous losses. Naturally it was contended that with due vigilance in the Department of Finance the Bank would not have been chartered. It was further contended that with adequate inspection the failure of the Ontario Bank and the Sovereign Bank could have been averted. It is the fact, however, that all three banks were distrusted by responsible bankers. There is evidence that the Bankers' Association advised against issuing a charter to the Farmers' Bank. But it is certain that if the charter had been refused there would have been an outcry that "the money-trust" had assassinated an institution designed chiefly to extend necessary credit to the farming communities, and probably both the Government and the Bankers' Association hesitated to expose themselves to such an attack.

Notwithstanding these failures, and the demand of a group in Parliament, the Government is unwilling to establish any general system of inspection by public officers. Mr White does not believe that such inspection of a multitude of branch banks could be effective. He holds that to establish such a system would diminish the vigilance of depositors and impose upon the Government an undesirable responsibility for the solvency and security of banking institutions. He holds further that as malpractices occur chiefly in the head offices these can best be guarded against by independent auditors appointed and controlled by the shareholders as distinct from the officers and boards of directors. He has not hesitated, however, to impose additional responsibilities upon directors and to increase the penalties for negligence. The proposal to guarantee deposits the Government rejects as directly encouraging reckless banking, depriving able and prudent bankers of the advan-

Canada

tages which accrue to ability and efficiency in other pursuits, and imposing upon the stronger banks a common responsibility for feeble and ill-managed institutions. By legalizing advances upon stock and grain he does something to meet the demands of farmers, and particularly those of the Western Provinces, for cheaper and easier banking accommodation. What measure of relief this will afford has still to be determined. It will hardly prove to be a complete solution of the problem of rural credit, and Mr White himself has intimated that more radical treatment may be necessary. But the evidence adduced before the Banking Committee suggests that the Western communities of Canada have had cheaper credit than prevails in the Western States and that the banks have shown exceptional energy in establishing branches throughout the Western Provinces.

At the moment it has been necessary, owing chiefly to the state of the London money market and the exhaustion arising from a long period of speculative activity, to restrict credits both east and west, and the natural disposition is to hold the banks responsible for conditions which they only seek to remedy with the minimum of inconvenience and disturbance. Altogether, however, the investigation before the Banking Committee has disproved most of the charges levelled against Canadian bankers, emphasized the national character of the banking system, and established the fact that instead of a combination to bleed the public there is intense competition between the rival institutions. The chances are, therefore, that Mr White's Bill may be adopted without radical or material amendments, and a system which has justified itself will maintain its divorce from the Government and its freedom to conserve the national credit and assist the national development.

The American Tariff

IV. THE AMERICAN TARIFF

THERE is a curious indifference, at least in older Canada, towards the details of the American tariff. Those who remember the eager interest that was taken in the Wilson tariff of twenty years ago, less radical however than that now under consideration at Washington, will best estimate the changes that have been wrought in Canadian conditions and in Canadian feeling. For half a century it was a tradition and a conviction that access to the American market was the supreme economic advantage that could accrue to Canada. Now a revolutionary fiscal policy is submitted to Congress and a multitude of Canadians have only an academic interest in the incident. The explanation is in the growth of national self-reliance, in the expansion of home markets, in the rise of industrial communities which absorb the farmers' products, in the greater commercial intercourse between the Provinces, and in the adaptation of products to the British market. It would be folly, however, to contend that no interests in Canada will be benefited by lower American duties. The reductions in the duties on horses, cattle, sheep, poultry, grain, butter cheese, eggs, vegetables and apples will divert a volume of Canadian products to adjacent American markets. So the free admission of meats, salt, fish, milk, cream, potatoes, and swine will turn trade southward. Free lumber will stimulate export; free iron ore may attract capital to the mineral areas of Canada. The reduction of the duty on wheat from twenty-five cents to ten cents a bushel will be thoroughly acceptable to Western farmers, who unquestionably set a high value upon the American market, and free flour, if we can so adjust the Canadian duties as to avail ourselves of the concession on the terms on which it is offered, would materially strengthen the milling industry in the Western Provinces.

What is recognized, however, is that, even if the new

Canada

tariff schedules are adopted at Washington, a lower comparative scale of duties will still prevail in Canada. For this reason it is doubtful if the action of the Democrats will greatly strengthen the agitation for lower tariff in the Dominion, while undoubtedly the advocates of Reciprocity are greatly weakened by the extension of the free list and the general reduction of American duties. It is just as certain that the conditions are unfavourable to any general increase in the Canadian tariff. This was recognized by the Canadian Government even before the policy of the Administration at Washington was disclosed. It is too soon, however, to speak with confidence concerning the effects of the new American tariff on Canada. Many Liberal journals are contending for the elimination of all food-taxes, and it may be that eventually there will be a response from the industrial communities. As yet these communities are strongly protectionist, but any continuous increase in the cost of living may strengthen the movement for lower duties on foodstuffs. This is not the less likely because any considerable drain of food products to the United States can hardly fail to make living dearer in Canada. It may be, therefore, that in the older Provinces we shall have a decline of protectionist sentiment in the towns and an increase of protectionist sentiment in the country. It is a curious situation altogether, and confident speculation would be premature and hazardous. The vital fact is that we retain control of our own tariff and that continental Reciprocity can hardly continue to be a chief issue between the political parties.

Canada. April 1913.

AUSTRALIA

THE retirement of Mr Deakin from active politics is an event of more than local importance. He was the one statesman remaining in the political life of the Commonwealth whose name and personality are familiar throughout the Empire; and we may believe that when the sifting process of time has done its work, he will be one of the few for whom a permanent place will be found in Australian history. Parliamentary life will be the poorer for want of his civilizing presence, and from this point of view all sections of the community join in regret at his withdrawal. Mr Joseph Cook, his successor, is a strenuous parliamentary battler, who has yet to become known outside political circles. He is a debater, a man of courage, and he has given himself unsparingly to the work of joint leader of the Opposition during the present Parliament in very discouraging circumstances.

I. IMPERIAL MATTERS

PUBLIC opinion on Imperial questions in Australia has been stimulated by the Canadian naval proposals. The memorandum prepared by the British Admiralty for the Canadian Prime Minister, which was laid before the Commonwealth Parliament shortly before the prorogation, gave Australians a vivid and authoritative account of the

Australia

position of the Empire, and Mr Borden's speech in introducing his bill acted somewhat as a challenge to Australian ministers. Mr Fisher, without giving any very definite reasons, has always been against the idea of permanent representation on the Imperial Defence Committee. On the other hand, he has always favoured the holding of conferences. His last act prior to the rising of Parliament was to express the desire that frequent conferences should be held between Imperial ministers and delegates from the Dominions, and that such conferences should be held somewhere in the outer Empire. The same line was taken in a memorandum issued by Mr Pearce, the Minister of Defence, in which he laid great stress on the fact that the Imperial Defence Committee had only advisory functions, and had no control over policy. After pointing out that Australia was the only member of the Conference of 1909 which had carried out its share of the programme then laid down, Mr Pearce suggested that Canada, New Zealand, and Australia should come to an arrangement for the defence of British interests in the Pacific, and stated that with this in view the Australian Government had already proposed that a conference should be held in New Zealand, South Africa, or Vancouver; the time specified had not been convenient, but the project would be revived later in the year.

This strikes the new note in Imperial policy—the problem of the Pacific. To some extent it arises out of Mr Churchill's suggestion that Britain should maintain sea supremacy against all comers at the decisive points, and that the Dominions should guard and patrol the rest of the Empire. No more fruitful idea of Imperial relations has ever been suggested. The existence of two schools of thought on Imperial subjects, one for a conference and the other for immediate representation on the Imperial Defence Committee, will help rather than hinder evolution. Each is founded on an idea of great value, and a reconciliation which will carry us a long way on our road is likely. The view which animates the Australian cabinet is that the main

Imperial Matters

lines of policy need definition. Australia is pursuing one policy, Canada is proposing another, which seems inconsistent. Australia is naturally specially interested in Pacific problems, while the British fleet is concentrated in the North Sea. The first duty of Australian statesmen is to see that their country is secure against external dangers, and to do this our ministers want to understand the main lines of British policy, and to ensure that Australian interests are not neglected. They believe that a conference, where the delegates would be in direct touch with public opinion, and would come with special instructions drawn up after full consideration, is the best means for arriving at an understanding on these great problems. If such an understanding is reached, questions of organization will become very much more simple. When the method in which each Dominion shall participate is settled, then it will be easier to arrange for continuous consultation, whether by representation on the Imperial Defence Committee or otherwise. The Canadian proposal for representation on the Committee might then be adopted *in toto*, or possibly the Committee might be reorganized. Without impairing its unity a special section might be told off to consider problems of the defence of the Pacific, with an expert staff at work in that ocean, and in direct touch with Dominion Governments.

Meanwhile public opinion cannot develop intelligently. It is not available to support a right policy or correct a wrong one. With two Dominions pursuing apparently divergent policies, it is not a little mystified. Many Imperialists in Australia have never accepted the principle of an Australian navy, and they are encouraged by the present atmosphere of uncertainty to believe that the Admiralty gave its support to Australian policy in 1909 against its better judgment. This feeling is also powerful in New Zealand,* and is one thing that prevents an agreement for co-operation between Australia and New Zealand,

* It finds expression in the New Zealand section of this number. See pp. 579-580.

Australia

though the influence of the New Zealand Minister of Defence, Mr J. Allen, may succeed in breaking it down. At a great defence conference, such as has been proposed, these doubts would all be set at rest. It is a pity that owing to various misunderstandings and mishaps it will not be possible to hold the conference for some months yet, and no doubt these delays indicate the radical inefficiency of the conference method for the *ordinary* work of co-operation.

Australian opinion on matters of defence is quiet, but the sacrifices the nation is making indicate its true temper. This is also shown by the success of the universal service scheme, with its compulsory camps and all-day drills. There is no political party, no member of Parliament, no candidate even for parliamentary honours who suggests that the present defence policy should be reversed. Contrary to expectations, no difficulty has been found in securing recruits for the navy, while a naval college for the training of officers has just been opened at Geelong.

The only other matter on which comment is necessary is the question of Imperial preference. The suggestion by Mr Bonar Law that a conference should be called to arrange the lines of mutual preferences between the Mother Country and the Dominions obtained little response in Australia. Even organs which regard the preference agitation with favour as a step in the direction of further protection see no advantage in a conference for such a purpose. The belief of many Imperialists that Imperial preference is the sole road to Imperial organization is held to be based on an unfortunate fallacy. The truth is that fiscal policy is a matter on which the Dominions will never surrender their autonomy. Preferences must be purely voluntary. The Dominions may surrender some of their autonomy to a higher body representing the Empire as a whole for purposes of defence and foreign policy, for the question of Imperial defence, however complex, is really one question, and by sharing in the direction of policy the

Federal Affairs

Dominions really extend their sphere of self-government. But in the multifarious economic conditions of the various Dominions the fiscal question can never be one question and can never be committed to any one body. Preferences may perform certain important indirect services; they may prevent the growth of hostile interests; but they cannot lead to the development of organs to promote the common purposes of the Empire, and these seem to be the need of the future.

II. FEDERAL AFFAIRS

THE fourth Parliament of the Commonwealth has, with the close of last session, run its course. The legislative output of the year 1912 consists of forty acts— which, as regards number, is a record. Half of these are amending acts of no striking interest; the other half comprises several important measures. Perhaps the most noteworthy is the act which constitutes an inter-state Commission—a body the idea of which is derived from the American Inter-state Commerce Commission, which in turn was suggested by the English Railway and Canal Commission. The Australian Commission, however, has a much wider scope than either the American or English, which are wholly concerned with the control of carriers, and chiefly of railway companies. Railways in Australia are owned by the State, and the establishment of the Commission was directed by the Commonwealth constitution, partly as a means of protecting the States against the action of the Federal Parliament. Though bills were introduced in 1901 and 1906, the constitutional mandate for the establishment of the Commission has only now been fulfilled. It is to consist of three members, one of whom is to be of experience in the law. It is partly administrative, partly judicial, and partly inquisitorial. It has powers with regard to inter-state traffic similar to those of its American

Australia

analogue; but it does not stop there. It is, in the first place, a standing commission of inquiry, with power to investigate, of its own motion, practically all matters of a commercial, industrial or social nature, to take evidence on oath, to enforce the attendance of witnesses and the disclosure of information, and to report to Parliament. In this capacity it is to be, as Mr Deakin happily put it, "the eye and ear of Parliament." It is also to be a kind of commercial court, having jurisdiction to determine on reference by the parties (subject to appeal to the High Court on questions of law only) any complaint, dispute, question, or difference relating to inter-state or external commerce.

Another interesting measure makes provision for informing the electors of the arguments for or against proposed constitutional amendments which, having passed both Houses of Parliament, are submitted to a referendum. This act, which was suggested by, though it differs widely from, legislation in Oregon and other American states, provides for the issue to the electors of a pamphlet containing an exact statement of the alterations proposed to be made, and arguments for and against the alterations, authorized respectively by a majority of those members of both houses who voted for them, and of those who voted against them.

In the industrial sphere the most important event has been the Sydney gas-workers' strike. These men had an industrial agreement with their employers under which the minimum rate of pay to any class of workers was 8s. a day. They desired an advance to a minimum of 9s., and applied to the New South Wales Industrial Court to hear their plaint. Judge Heydon held that during the currency of an industrial agreement the court had no jurisdiction to entertain a cause. The question was not a new one, for some months earlier the declared intention of the men to take a strike ballot was frustrated by an injunction obtained by the Minister of Labour. This time the men determined on sudden action, and the strike was an accomplished fact on February 28

Federal Affairs

before anyone realized that anything very serious was the matter. The ministry made vigorous efforts to persuade the men to return to work, promising them, with the assent of the employers, an Act of Parliament to establish a wage board with power to consider their case, and assuring them that, if the decision was in their favour, the award should date back to the time at which they resumed work. This offer the men refused, insisting upon an immediate grant of the whole advance. The ministry then on March 3 issued a proclamation calling upon the citizens of Sydney to aid the Government in keeping order and in securing a gas supply for the city. Adequate protection against molestation by the strikers was promised, and the action of the Government was supplemented by an appeal from the Lord Mayor, who set an example by personally taking his place amongst the volunteer workers. A satisfactory response was made to these appeals, and the gas company was able at once to provide a limited but improving supply. Negotiations between the men, the company and the Government were resumed, and a settlement was announced on March 8. The men were to return to work, and Parliament was to be specially summoned to pass legislation for establishing a wages board with power to fix a wage as from the resumption of work, the company—recently brought under severe restrictions as to the price of gas—being allowed to raise its rates to consumers so as to meet the additional burden thrown upon it by any increase in wages determined on by the wages board. The Government on the whole acquitted itself with credit in a very difficult situation. The strikers complained of a want of "neutrality" peculiarly unworthy of a Labour Government, their view being that the Government should have confined itself to the guarantee of public order and should have withheld active assistance in the maintenance of a gas supply. The Government vindicated its action by taking a stand upon the principle of arbitration, and demanding that lawful means of settling disputes should be recognized

Australia

as a substitute for, and not a mere auxiliary to, strikes. There was little disorder throughout the dispute, and each side is pledged that there shall be no victimization. The strike was, of course, an offence against New South Wales law, but equally, of course, no serious steps were taken to enforce the law against the strikers—all parties are aware that in such a case to resort to the penal provisions of the law is in general to protract the dispute and probably to extend the area of disturbance. The settlement was described by the Premier as a "triumph of conciliation" and of "sweet reasonableness." The public may perhaps see in it a confirmation of Judge Heydon's observation at the commencement of the matter that employers and employed alike are satisfied to settle their differences by passing on the increased cost to the community.

As soon as the gas-workers' dispute was settled, and while a coal strike was assuming more serious proportions, the people of Sydney had to suffer the suspension of another public service. For some time a wages board had been sitting to consider the claims of the men employed in the several ferry services, which ply between the city and its principal suburbs, for higher wages and for a forty-eight-hour week. On Good Friday morning, the firemen and deck hands on these steamers struck without warning, and Sydney's communications were thrown into confusion. The Government asked the company to concede the forty-eight-hour week, but the company declined on the ground that the whole matter was under the consideration of the wages board, by whose determination they were willing to abide. After lasting six days the strike was ended by the concession of a ninety-six hours fortnight. The ferry companies have begun to recoup themselves by raising fares.

In Victoria an important question arose in connexion with the determination of the clerks' wages board as to whether there should be a uniform wage for men and women doing the same class of work. The board had fixed a wage

The General Election and the Referenda

of 48s. for a week of forty-eight hours, taking the basis of "frugal comfort" for a married man with an average of three children; and applied it indifferently to men and women. The nominal effect was to raise the wages of large numbers of women clerks from 75 to 100 per cent; its actual effect was to deprive many of them of their employment. No doubt that was partly due to the fact that many employers took this opportunity of reorganizing their offices in order to meet increased expenditure arising from various causes; but it was also clear that large numbers of employers were convinced that uniform rates to men and women were not "equal pay for equal work," but a substantially higher rate for woman's work, and they therefore employed men in preference to women. An appeal was taken by employers and by a number of the women affected to the Industrial Court of Appeal. It was urged by the Clerks' Union in support of the award that, assuming that the award would lead to loss of employment by the women, it was a sacrifice they must make for the general good. The learned judge, impressed by the large number of women affected, thought the law (which permits discrimination by sexes) did not justify so wholesale a slaughter of the innocents, and, distinguishing the basis of the women's wage, which generally supports only a single person, from the man's, which has relation to his family responsibilities, he fixed the women's wage at 32s. a week, in itself a substantial advance on the minimum proved to be paid in some cases.

III. THE GENERAL ELECTION AND THE REFERENDA

POLITICAL interest is beginning to concentrate itself upon the coming general election and the Referenda. Neither Mr Fisher nor Mr Joseph Cook has yet made his policy speech, but the general lines upon which the election will be fought are already fairly clear. Since the

Australia

last election Labour has lost ground seriously in Queensland and South Australia, and slightly in Victoria and Tasmania, while the party in New South Wales is torn by internal dissension. But State politics are not a safe guide to the attitude of the people on Federal questions when the issues are very different.

The Government will appeal to a record of things done instead of merely talked about. It will point with pride to the extensive scheme of naval and military defence which, as administered by Senator Pearce, has won general approbation. It has worked hard at three new enterprises—the trans-continental railway, the development of the Northern Territory, and the laying out of the Federal capital (now finally named Canberra).^{*} Its legislation includes the maternity bonus, which has absorbed more than £200,000 since October last, the land tax, the Commonwealth Bank, and the Commonwealth note issue. It has made effective in Government works the principle of preference to unionists. It has not been able to adhere entirely to its professed intention to avoid borrowing, and further loans will probably be required for its naval and military undertakings, the Northern Territory, and the trans-continental railway.

The Labour party and their opponents alike will be embarrassed by the fiscal question. For the Government it is complicated by the constitutional difficulties of the new protection; while on the other side the strenuous attempts of the protectionists in Victoria to make increased protection the touchstone of Liberalism meet with no hearty response even in Melbourne, and it seems clear that protection has, in an era of high prices and in the face of more fundamental questions, lost much of its old appeal. The election is to be fought on party lines, and the fiscal question at present does not furnish a party issue. The issue at the election will in substance be the same as in the Referenda on the constitutional amendments. At the last general election in 1910 Labour achieved a great victory, sweeping

^{*} The accent is placed on the first syllable.

The General Election and the Referenda

the polls for the Senate in all the States, and gaining many seats in the House of Representatives. But in April, 1911, when, flushed with triumph, the same party appealed to the people for an increase of Federal powers, a hostile majority of 250,000 showed that the previous election was no guide to opinion on constitutional questions. On the present occasion the submission at a general election of amendments proposed by the Labour party, and opposed by the Liberals, will practically make the issues inseparable. Every candidate standing with the approval of the party organizations will, so far as is known, follow the party lead on the amendments. Some electors will no doubt distinguish the Referenda issues from the election; and some will distinguish between the matters submitted in the several Referenda. But generally the indications are that people who are against the Government will also be against the constitutional amendments.

The Referenda ask for increased Federal powers with respect to trade and commerce, corporations, industrial disputes, disputes on State railways, trusts and combines and nationalization of monopolies. They are substantially identical with the matters submitted in 1911, which were explained in *THE ROUND TABLE*, Nos. 3, 4 and 5, but limitations have been placed upon the previous demands in order to meet certain criticisms which proved particularly effective upon the last occasion. Official arguments for and against the amendments have been prepared by the party leaders. These have been printed in pamphlet form at the public expense, and a copy will be furnished to every elector. Thus every effort is being made to secure a well-informed vote.

The power of the Commonwealth with regard to trade and commerce is now confined to that "with other countries and among the States." The first amendment is to omit these words, but, in deference to past criticism, still to exclude trade and commerce within any single State so far as it is carried on upon State railways. The Labour

Australia

party contends that trade and commerce are a single organic whole, and that an authority divided between Commonwealth and States is unable to cope with "the manifold ingenuity of the great trusts." The Liberals reply that this amendment would enable the Commonwealth to control all business in Australia, and that it would involve a double jurisdiction in commercial matters, which would give rise to great uncertainty and continuous confusion. This amendment is also condemned on the ground that, if carried, it would empower the Commonwealth to introduce a dangerous socialistic scheme for regulating profits and prices.

The second amendment proposes to give to the Commonwealth Parliament complete control of all corporations, except municipal and governmental corporations and certain others. This is advocated on the grounds of the desirability of a uniform company law throughout Australia and the impossibility of controlling trusts unless the power be granted. The opponents of this proposal are willing to accept an amendment that would provide for a uniform company law, but they urge that the amendment submitted would entitle the Commonwealth to make laws regulating every detail of the business transacted by companies, while competing partnerships and individuals carrying on exactly similar businesses would be under the sole jurisdiction of the States. This amendment is therefore condemned as both "ruthless and reckless."

The third amendment seeks to give the Commonwealth power to legislate upon the terms and conditions of labour and employment in any trade, industry, occupation or calling, the rights and obligations of employers and employees, and all matters connected with industrial disputes. The Labour party contends that the existing Commonwealth Arbitration Court is unduly fettered, inasmuch as it can deal only with disputes extending beyond the limits of one State. Further, it can bind only parties actually summoned before it, and cannot lay down a common rule

The General Election and the Referenda

applying to all persons engaged in an industry. It is urged that only the Commonwealth can deal effectively with industrial disputes, so as to secure industrial peace. The Liberals challenge this assertion, alleging that most industrial disputes are essentially local in their origin and effects, and claiming that, while the Commonwealth can and ought to deal with disputes extending beyond a single State, local disputes are best adjusted by agencies organized by State Parliaments with more intimate knowledge of local conditions than the Commonwealth Parliament can possibly acquire.

The fourth amendment seeks to confer upon the Commonwealth the entirely new power of making laws for industrial conciliation and arbitration in relation to the railway service of a State. This proposal is defended on the general ground that State railway employees should have the same right as other employees to appeal to a Federal court. No reason has hitherto been suggested for not including other State servants within the scope of this supposed benefit, but it cannot be forgotten that the Victorian Government crushed a very serious strike of railway servants with astonishing vigour and success. Under the new scheme a Commonwealth tribunal could fix wages, hours of labour, and all conditions of employment, while State Parliaments would be left with the responsibility of managing the railways and finding all the money.

In the fifth amendment the people are asked to give the Commonwealth power to make laws with respect to trusts, combinations and monopolies in relation to the production, manufacture or supply of goods, or the supply of services. The Labour party is satisfied that trusts are to blame for the increased cost of living, and it claims that present powers are too weak to enable Parliament to grapple effectively with these enemies of the people. The Liberals argue that (as Labour admits) some trusts benefit the people, and that the existing constitution gives the Commonwealth full power to deal with trusts operating in more

Australia

than one State, while each State has ample authority to regulate trusts within its own boundaries. They also allege that the Government has purposely neglected to use its present powers in order to manufacture an argument for an increased power which is really intended to be used for class ends.

The sixth amendment would allow the Commonwealth Parliament to take over, on just terms, and carry on any private business whatsoever which may be declared by a resolution of both houses to be a monopoly. It will be observed that it is not necessary that the business or enterprise should really be a monopoly in the ordinary sense. It is unnecessary to attempt to recapitulate the well-known and well-worn arguments for and against nationalization.

In three respects the present submission of constitutional amendments presents differences from the case of 1911. The first of these—the coincidence of a general election—has been referred to. The second is the fact that the amendments are being severally, instead of collectively, submitted. In 1911 the fact that an elector must vote "Aye" or "No" to all the proposals, was very generally resented, and the device lost far more votes than it won. Thirdly, the amendments will now be submitted no longer on the authority of the Government and Parliament alone, but as a part of the official Labour programme, formally adopted by the Labour Conference. This fact makes at once an appeal to the "solidarity" of the Labour party which was wanting in 1911, and affects the position of those members of the party who, disapproving of the proposals, claimed, and to some extent exercised, freedom of action on the subject. This they will no longer be able to do.

An acute situation has thereby been created in New South Wales where in 1911 the members of the State Labour ministry entered the field against the Federal proposals. The first consequence of the new conditions was the resignation of Mr Beeby, one of the ablest of the Labour ministers, and the only one amongst them who had made a non-party

The General Election and the Referenda

reputation. His resignation was welcomed by the section of the party whose views find expression in *The Worker*, and whose political creed demands first and foremost discipline in the militant ranks of the party. Mr Holman and other State ministers are also under suspicion, and there is evidently considerable turmoil in the ranks of the State Labour party. There is the moderate wing represented by the Government and a large proportion of the members of Parliament, claiming a certain freedom of individual action in politics: their sympathy with Mr Beeby and Mr Holman was one of the main reproaches against them. Then there is the section identified with the Trades Hall, and consisting of trade-union officials who are not in Parliament. This section gives whole-hearted support to the constitutional amendments, and is determined that the whole force of the party shall be used to overcome opposition within its ranks. Among these, too, there is a certain impatience with the slow processes of political action. The difference between the two sections was very clearly marked during the gas strike in Sydney. The sympathy with more "direct" methods is being sedulously fostered by the Industrial Workers of the World, an organization which repudiates political methods as a means of achieving industrial reform. The difference is one of principle, and the question is being seriously raised within the ranks of the Labour movement, whether it will be possible for such conflicts to be confined much longer to the conferences of the party. So far, the moderates, who may be identified with the parliamentary party, have maintained their control, but it has been seriously threatened within the last few weeks. The party conference at Sydney appointed a committee of inquiry before which members of the state ministry and several of their parliamentary supporters were summoned, and as a result reports in favour of the expulsion of some of the accused were submitted. Only the personal influence of Mr J. C. Watson (ex-Prime Minister of the Commonwealth) staved off a crisis for the moment.

Australia

Mr Beeby—re-elected to Parliament for his old constituency as an independent member—is now in a position of greater freedom and less responsibility, and it is evident that the constitutional amendments will not command the support of an undivided party in New South Wales. In the other states no breach of any magnitude has disclosed itself in the Labour ranks, and solid action of the state Labour members and the party organizations may be counted on. The ultimate result, both of the election and the Referenda, appears to depend upon the power of the Government to persuade a sufficient number of the electors outside the ranks of organized labour of the reality of the danger from predatory trusts and combines, and to associate the Liberals, as the Labour newspapers call their opponents, with these anti-social forces. There is little indication that the Liberal party is likely to suggest any alternative scheme for the enlargement of Commonwealth powers, and its appeal must be mainly to the danger of entrusting these very wide powers to the Labour caucus, for it is part of the Opposition case that Labour government is the negation of parliamentary government. "State rights" will play their part in speeches, but in the main the fear of experiments in nationalization and in the regulation of prices, and of the extension of industrial regulation to rural occupations, are likely to secure more attention from the electors.

Australia. March 1913.

SOUTH AFRICA

I. THE CRISIS IN THE NATIONALIST PARTY

IN the March number of *THE ROUND TABLE* the story of the quarrel between General Botha and General Hertzog, which had led to the expulsion of the latter from the ministry, was taken down to a date just prior to the meeting of the Union Parliament.

Parliament met on January 24, and for a fortnight there was the utmost uncertainty as to the position of the new ministry. The members of the South African party held constant meetings, but no leader of the party made any move in public. The Unionists held their hand, and an attempt on the part of Mr Creswell, the leader of the small section of Labour members of Parliament, to elicit some statement from the Prime Minister met with nothing more than a chilling silence. Meanwhile rumour, always busy in the lobbies of a House of Parliament, revealed with an unusual approach to accuracy what was happening behind the scenes. It is impossible to keep secrets which are shared by half a hundred men. First came the information that the Nationalist members from each of the four provinces of the Union were holding separate meetings to discuss the crisis. Then it was revealed that the Cape, the Transvaal, and the Natal members of the party had decided with some unanimity to support General Botha. Next rumour played with a sensational betrayal of General Hertzog by the members from his own province, the Orange Free State. Early in the second week of the session the combined meeting of the whole

South Africa

Nationalist party was held. The Prime Minister stated his case and was replied to by General Hertzog in a speech so passionate and so diffuse that the voice of ridicule began to mingle insensibly with the voice of rumour. Next it became known that the two protagonists in the struggle had appointed representatives who were meeting in an attempt to arrive at some compromise which would preserve the unity of the party. And, finally, the breakdown of all efforts towards a composition of the quarrel between the two leaders was announced to the world in a statement communicated to the press on February 5 by the Prime Minister himself.

This statement took the form of an open letter addressed to the members of the Nationalist party throughout the country. It was an amplification of the statement which the Prime Minister had already issued to the public through the medium of *De Volksstem* and which was referred to in the last number of THE ROUND TABLE. Emphasis was again laid on two main points. First, the fact that General Hertzog's references to Imperialism, and his declaration that he had considered himself to be a Minister of South Africa rather than of the Empire, "are entirely unnecessary, and are certainly not in the interests of our party, and especially not in the interests of the older population, as they immediately give rise to misunderstanding and suspicion of a most serious and painful nature." Second, that General Hertzog's contemptuous allusions to the policy of conciliation—a policy "which I, in accordance with our principles, had always preached"—could not be regarded as anything less than an attack deliberately made, and ridicule directed of set purpose, against that policy and its objects. The most important amplification of the earlier statement was the passage in which the Prime Minister pointed out the peculiar obligations which rested upon General Hertzog with regard to this policy of conciliation:

Unfortunately, from the beginning of our Government, a certain measure of suspicion existed against him on this point. I do not

The Nationalist Crisis

desire to discuss the causes which led to that state of affairs; but I only want to point out that if, with a view to our policy of conciliation, it was necessary for any man to be careful in regard to his public utterances, that man in the circumstances was General Hertzog; because, whether that was his intention or not, while one section became inclined to look upon him as champion of the rights of the Dutch element, the other section of our population in a much stronger degree began to look upon him as the opponent of all that was English.

For the rest, the Prime Minister indignantly repudiated the accusations of his opponent that he had been guilty of "‘weakness,’ ‘want of principle,’ ‘sacrifice of principles,’ and so forth." He took special exception to the insinuation conveyed by General Hertzog in his speech at Smithfield when he said:

I am not going to place the children and interests of South Africa on the altar of Moloch. I also want conciliation. I bribe no one.

If this, said the Prime Minister, was General Hertzog's opinion of the policy of the ministry of which he had been a member, why had he not resigned instead of waiting to be expelled? Finally, General Botha stated his position in the following passage:

To me it was a difficult task to break with General Hertzog, in whom I always endeavoured to find a faithful friend and supporter. I also knew that my people had realized the dangers. But I only had two ways open to me: to continue to work with General Hertzog and to see the two white races of South Africa divided into two hostile camps, or to remain true to the principles of co-operation, upon which the party and Government had been formed—so long as people would support me in that direction—even at the risk of parting with General Hertzog. . . . Both General Hertzog and myself are agreed that it is not possible for him to be taken back into the present cabinet after what has happened, and that a solution on those lines is not possible. I only acted after the most careful consideration in the interests of South Africa, and especially in those of the Dutch-speaking population. It is for my people to judge whether I acted rightly or not. I shall abide by their decision.

To this statement General Hertzog in his turn issued a reply which was communicated to the press on March 7.

South Africa

Extremely diffuse, and phrased in that tortuous language which is the natural result of a slow but passionate brain endeavouring to find a completely satisfactory form of self-expression, this manifesto contained an elaborate review of the whole relations of its author with General Botha from the time when the latter was called upon to form the first ministry under Union. After relating the negotiations which passed between himself, General Smuts and Mr Malan, at the time of the formation of that ministry, General Hertzog comes to the conclusion that "there was no mistaking the reluctance with which the Prime Minister accepted me as a colleague." This reluctance was founded on the fact that General Hertzog refused to give way an inch in respect of the education law in the Free State. He was the author of that law. In view of the agitation which the operation of the law aroused among the English-speaking population of the province, General Botha endeavoured to get him to agree to some modification of its provisions.

Efforts [says General Hertzog] were made by him (General Botha) to get the Free State law altered. As early as June 10, eleven days after Union, he began that task. I would not hear of this, and set myself emphatically against it, to the great disappointment and anger of General Botha and some of his colleagues.

The friction thus aroused became more and more acute. General Botha's defeat at Pretoria in the general election, which he attributed to General Hertzog's fanatical support of the Free State education law, did not lessen this friction. At last, after more than two years, the disagreement between these two ill-assorted colleagues came to a head as a result of the speech made by General Hertzog at De Wildt, in the Rustenburg district of the Transvaal, in December, 1912. As this speech was noticed at some length in *THE ROUND TABLE* for March, 1913, there is no need to repeat here the statement of the issues which it raised. In his manifesto General Hertzog defends this utterance at wearisome length, but he certainly does not succeed in

The Nationalist Crisis

disposing of the reasons which led the Prime Minister to decide that a cabinet of which he was the chief could no longer contain General Hertzog as one of its members. A careful study of the manifesto can only result in the conclusion that its author is constitutionally incapable of understanding that his words could have any other interpretation than that which they bear in his own mind. And even when this conclusion is reached, there still remains serious doubt of the exact meaning which General Hertzog himself attaches to the words which he has uttered at sundry times and in sundry places. The manifesto itself is an excellent example of the ineradicable tendency of its author to confused thought. At one moment he is protesting against the misunderstanding which dogs him. At the next he is proclaiming himself the lifelong champion of the very ideas which he repudiates when they are read into his speeches. At one moment he is declaring that he has been a faithful follower of the Prime Minister. At the next he is flinging wild reproaches against him for having been utterly lacking in strength and devotion to principle ever since he took office as Premier of the Union. Perhaps the following passage summarizes as fairly as it can be summarized the case which General Hertzog has against the Prime Minister. At least it is obviously intended as a summary of the whole case; and no man can complain if his own words are taken at the valuation which he himself has clearly meant to place upon them:

For more than two years I have loyally stood by General Botha's side, trusting that he was what every well-wisher of South Africa so deeply longed that he should be, the honoured and beloved leader and man of the people. Though his weakness and lack of principle, his want of interest in national questions, his pliancy in the hands of his political opponents accompanied by sacrifices of rights and principles which were precious to me often deeply wounded me and brought me into collision with him, all this did not alter the fact that I continued to labour loyally at his side, in the firm confidence that his wanderings were to be attributed to nothing worse than temporary aberration on the path of our national welfare. Till the crisis came I resisted the conviction that there was calculated purpose in his

South Africa

conduct, and went on loyally helping and supporting him, hoping that all would come right. That time is now past. There is no room for me in the Union Government as a colleague under General Botha's leadership. There is for me no place in a cabinet led by a man who by word and deed makes it known that his policy differs in no single particular from that of our most irreconcilable enemies. General Botha's path is not mine. I cannot and I must not follow him in it—General Botha, the unconcerned surrenderer of the Dutch people's rights, I their champion; General Botha, the champion of Imperialism, even where it is not in the interests of South Africa, I its opponent as soon as it ceases to be so; General Botha the careless sower, scattering ill-will broadcast among the people in the name of conciliation, I the advocate of a South African nationalism which alone will draw the different sections of the people into a real union of hearts; General Botha the pleader for a party without principles, I the champion of a party with principles; General Botha the enemy of principles and of confessing them, I his antagonist, who insist that there must be principles and that they must be openly confessed. . . .

Whether the people is to be led for the future not blindly, but by fixed national principles; whether its leaders are to speak out on those principles, without threat of danger if they do so; whether the rights of the Dutch-speaking population in South Africa are to be surrendered any longer by our leaders; whether it is to be possible to condemn an Imperialism in conflict with the interests of South Africa without being treated as a criminal by the Prime Minister; whether we are to seek conciliation by empty compliments plastering over mutual distrust, or by acting fairly and straightforwardly to each other, by mutual respect and understanding, and, above all, by developing a proud sense that as South Africans we are brothers; these are questions waiting to be decided. This decision will have to be given by the people.

Note in this passage two things: the constant insistence on the personal pronoun; the assumption that "the people" means only the Dutch-speaking people of South Africa. These two points contain the essence of the Hertzog creed; but they have never before been stated with such *naïveté* or with such an obvious disregard of the consequences which they would entail if put into practice in a country like South Africa. There is reason to think that their expression in General Hertzog's manifesto has given pause to many who were at first inclined to follow him with unreflective enthusiasm. At meetings recently held in the Transvaal by

The Nationalist Crisis

General de Wet, one of the most ardent of General Hertzog's supporters, it has been made clear that the majority of the Dutch-speaking people, in these districts at least, are supporters of the Prime Minister. It would doubtless be unwise to over-estimate the importance of such manifestations of pro-Botha feeling. South Africa is a large country, and the feeling of the people of one district may be very different from the feeling of those of another. The Transvaal, too, is naturally the stronghold of the Prime Minister. But the same tendency is very evident among the Nationalist members of Parliament. On several occasions during the present session General Hertzog, who remains, of course, a member of the House of Assembly, has tested his strength. The results must have been very disappointing to him; they have certainly surprised those who thought that, though beaten in the Nationalist caucus, he would be able to command considerable support in the House.*

It is understood that the quarrel between the rival leaders is to be fought out at a meeting of representatives of the Nationalist party from all over the country. The date of this meeting is still uncertain. No doubt the Hertzog faction will try to force it on as soon as possible. But General Botha is not likely to fail to recognize that time is on his side. Parliament has definitely requested the Government to consult with the Imperial Government on the question of naval defence, and if there is any truth in the rumour that General Smuts is to go to England for this purpose as soon as the session is over, the Nationalist party congress can hardly be held until the autumn.

But, though time is in favour of General Botha, and though he may be trusted to use this asset to its fullest value, there is no doubt that the quarrel in the Nationalist party has had a paralyzing effect upon the conduct of the Govern-

*Since the above was written Mr Fischer has issued a manifesto dissociating himself from the policy of General Hertzog, and alleging that it lost General Hertzog the support of eleven out of the sixteen members from the Free State.—[Ed.]

South Africa

ment during the present session. Two months have passed and nothing has been done. The bills announced in the Governor-General's speech still linger in the pigeon-holes of the ministerial departments. The financial policy enunciated by General Smuts is a policy of budgetting for a deficit of over a million. Up to the date of writing, the Opposition in the House of Assembly, with singular self-control, has refused to add to the internal embarrassments of the ministry by using these opportunities to exercise its natural function of criticism. The reason for this course is the instinctive feeling that anything which assists General Hertzog against General Botha must be detrimental to the best interests of the country. But a complete paralysis of the function of Parliament would be hardly less detrimental; and the day cannot be long delayed when the Unionist leader will be compelled to remind the Prime Minister that even an Opposition which has conducted itself as though it were the Providence ruling the destinies of its country cannot much longer be expected to help a ministry incapable of helping itself. The present state of affairs, in the opinion of every competent observer, cannot last much longer.*

II. UNIVERSITY REFORM.

THE late Mr Alfred Beit bequeathed £200,000 to the University which it was proposed to establish near Johannesburg on land which he had given for that purpose in his lifetime. This University, however, was never founded. In 1910 Mr Otto Beit and Sir Julius Wernher each offered the Union Government £250,000 for the establishment of a National Teaching University on Mr Rhodes'

* On April 29 Mr Cresswell's "no confidence" motion was defeated by sixty-eight votes to forty-two, including the Labour members and seven supporters of General Hertzog.—[Ed.]

University Reform

former estate, Groote Schuur, Capetown, on condition that Mr Alfred Beit's bequest and his gift of land near Johannesburg should be resigned. This generous offer was accepted. Some months later the De Beers Company contributed £25,000 for the same purpose, and recently a French committee has given 55,000 francs towards the endowment of a chair of French in the proposed University. The Minister of Education, Mr Malan, has found the elaboration of a University scheme, which would satisfy any one of the many parties interested, a task of great difficulty, and the bill which is now before a Select Committee has been damned with faint praise by the trustees for the Wernher-Beit bequest and with very vigorous vituperation by some sections of public and academic opinion in the country. No criticism of it, however, would be intelligible without some preliminary account of the existing educational system.

The University of the Cape of Good Hope received its charter in 1879. It is an examining body pure and simple, yet with this function, so modest in theory, it has in practice come to control secondary and University education throughout British South Africa. When he has passed through Standard VII, "shades of the prison-house begin to close upon the growing boy"; he must either leave school or become a candidate for University examinations. By a kind of human sagination he is taken in two or three years through the detailed syllabuses of two University examinations, and at the age of sixteen to seventeen is cast upon the University colleges as a matriculated student. In the University of Glasgow about 200 students matriculate annually; in South Africa, with a white population very little larger than that of Glasgow, 1,600 to 2,000 candidates are presented every year for the University matriculation examination, and of these 800 to 1,000 pass. The cause of this disproportion must be sought in the character of the South African examination. It is a rather elementary test in five or six subjects, in each of which the range of

South Africa

work is carefully prescribed. The standard required for a pass is very low; the examiners are instructed to expect, and to give credit for, nothing but bare fact—presentation, style and linguistic sense are alike discounted. It frequently happens that, notwithstanding all these precautions, the group of examiners in a subject are unable to avoid a heavy “plough”; but for these emergencies the University appoints a revising committee, with power to overrule the examiners’ marking by lowering the minimum or adding a percentage to all marks. In this way a class-list of the customary length is assured.

The candidates for this examination enter from every district of South Africa and from schools of very various kinds. In certain centres—e.g. the old Dutch towns near Capetown, or, in the Eastern Province, Grahamstown, or in the Free State, Bloemfontein—a type of school has arisen which attracts pupils from all parts of the country and in which an elaborate system of “cramming” for University examinations has been organized. These institutions are reasonably well equipped; their work, however, is not only, from the nature of the examination, necessarily mechanical, but, even when judged by “cram-work” standards, slipshod and incomplete. In the large English-speaking centres, such as Kimberley, Port Elizabeth or East London, there is no lack of moderately good schools, but as the interests of the population are mainly commercial there is unfortunately very little of that enthusiasm for higher education which is so marked amongst the Dutch inhabitants of the country districts. A large proportion of the 2,000 annual candidates is entered in small batches from the day-schools of the dorps. These schools are inadequately equipped for any genuine matriculation work; and are the great source from which that refuge of the unworthy, Class III, is filled.

Such, briefly, is the natural history, as it were, of the potential undergraduate. His mind is a kind of prehistoric universe, a yawning gulf dotted with nebular blurs of fragmentary information. From what should be the most forma-

University Reform

tive stage of his development he emerges with one great force to drive him further, the conviction that the passing of examinations is the end of life. As an undergraduate, his first year is occupied with the University intermediate examination (a mixture of Arts and Science subjects); two further years lead to the pass degree in Arts or Science. The abler men may take, *at the same time* as their pass degree, an examination for Honours in some particular branch—e.g. classics or history for the Arts, chemistry or zoology for the Science, student. These courses follow closely the lines of the earlier examinations. The work is "cram" work, it rarely rises above the level of a good secondary school, the standard even at this level is very low and the examinations are conducted from outside. The professors and lecturers of the University Colleges interpret a prescribed syllabus. Their titles are courtesy titles: they are in reality school teachers. The examiners are in most cases academic amateurs.

There are now seven University Colleges in South Africa. They are all Government-aided, though the extent of the grant varies with different institutions. The two most important colleges are the oldest, the South African College, Capetown, and the Victoria College, Stellenbosch, which together contain almost 70 per cent of the total number of University students. The South African College is the best equipped and the largest institution of its kind in the country. The Government grant makes up 58 per cent of its total income. Its students are drawn almost equally from the two nationalities. The Victoria College has for long been its principal rival. Stellenbosch is within thirty miles of Capetown and is a strong Dutch centre. It is the seat of the Theological Seminary of the Dutch Church, and this body exercises a predominant influence on the management of the Victoria College and of the other educational institutions of the town. At Wellington, near Capetown, is the Huguenot College for women students. The other University Colleges have arisen within the last eight

South Africa

years in consequence of a demand in the districts further removed from Capetown for local facilities for University education. The most important of them is the Rhodes University College, Grahamstown. It has been heavily endowed by the Rhodes trustees, the Government grant amounting only to 43 per cent of its income. The majority of its students are English-speaking. In 1910 three new colleges were founded in Bloemfontein, Pretoria and Pietermaritzburg. The Government contributes over 90 per cent of their income; they are poorly equipped but attract a limited number of students by offering valuable bursaries to anyone who cares to apply. This iniquitous system has had two consequences. In the first place, the older colleges are compelled to divert money, which they require for extensions and improvements, to a scholarship fund to compete against the younger colleges; secondly, the standard of University examinations is kept, owing to the inadequate equipment of the new institutions, far below the level which the older colleges are capable of attaining.

Such, in brief outline, is the working of the present University as it affects both secondary schools and University Colleges. That reforms are urgently needed is widely admitted; but as to the nature and the scope of such reforms there is no kind of agreement. Local, provincial and racial loyalties are united to distort and obscure the issues. There is even a sentimental tendency in some circles to deplore the fate impending over the old University. The problem calls for intimate knowledge of existing conditions combined with the power of taking a broad view. Unfortunately the facts are known fully only to teachers in the schools and colleges. The few public men, on the other hand, whose standpoint is national, know the University system only at second-hand.

It seems clear that any measure intended to provide a lasting settlement must satisfy three conditions: it must give effect as far as possible to the wishes of the donors or their trustees, it must decide the future of the existing University

University Reform

Colleges, and it must define clearly the relations which are to exist between the schools and the University. It is interesting to examine how far Mr Malan's present bill solves or attempts to solve these three problems.

The only condition originally imposed by the donors was that there should be "equal opportunities for all who require University teaching": at a later date they insisted that the University "must be a Residential Teaching University," that "bilingualism must stand back," and that the donors should have influential representation on any statutory commission which the Government might nominate. Mr Malan avoids a definite decision on any of these points. His bill sets up a teaching University but leaves the establishment of hostels to the option of the governing body. It enacts that "the University shall, as far as practicable, make provision to meet the choice of candidates to be instructed or examined in any subject through the medium of either official language of the Union." The words quoted, which have recently been criticized as being in effect an amendment of the language clause of the Act of Union, bind the Government to nothing. The donors seem likely to insist that no penny of their £500,000 shall be diverted to bilingual ends; more than this they cannot equitably demand. As the bill makes no provision for further endowment of the University from any other source, it is difficult to see how bilingualism will ever become "practicable." Finally, the appointment of the statutory commission is left with the Governor-General, so that the question of the representation of the donors on that body is merely deferred.

With regard to the future of the existing colleges, though the bill is extraordinarily vague, it is possible to surmise what are the Government's intentions. Provision is made for the recognition of "local faculties" of Arts and Science at any of the existing colleges which make application; at the same time any such college may apply to be "merged" in the central seat of the University. We are

South Africa

not told what exactly "merging" means; it is clear, however, that some kind of absorption is intended, and, if so, the clause could scarcely affect any institution outside Capetown, any institution, that is, except the South African College. On the other hand the establishment of local faculties in the seven existing colleges—and they would undoubtedly all apply—would remove none of the present evils. Unless the clause is to be a mere idle form, the Government must continue to subsidize the local faculties, at the expense of the new University, as heavily as they now subsidize the colleges. The National University then appears in the quite minor role of an eighth competitor. In place of the one strong University for which we had hoped, we still have a group of inadequately equipped colleges, seven of them examined as before mainly from without.

There remains the question of the future relations of the schools and the University. Under the bill the new University is to take over the examining functions of the present body; a University matriculation examination will continue to control the work of the secondary schools. This examination, however, is no longer to be an entrance examination to a University course: for this purpose it is to be replaced by the present intermediate examination. Since there are no secondary schools in South Africa capable of preparing boys for the intermediate, this course must be taken in one of the seven University Colleges. As these colleges will also have local faculties for University work, they will be at the same time secondary schools and University Colleges. The University "freshman" will indeed be older than he has been, but before he reaches the University he will have to pass through three distinct institutions—an elementary school, a secondary school and the school division of a University College. It is extremely probable that he will weary of this vagabond existence and elect to remain for his degree course at the local faculty of the college in which he has taken his intermediate. In that case the National University will be further handicapped by

University Reform

unnatural competition. There seems little likelihood that the standard of work in the schools will be appreciably raised by these changes. Teachers will still be fettered by external examinations; and as an examining board for schools, there is no guarantee that the new University will be any more satisfactory than the old has been.

It is difficult to avoid the conclusion that Mr Malan, in his desire to conciliate as many interests as possible, has, while conciliating none, missed the essential difficulties and requirements of the position. He has failed to realize that no mere modification of the present institutions can ever create a sound system either of secondary school or of University education; he has failed also to realize that these are parts of the same whole. For the secondary school is, as it were, the hopper from which the University is fed. As long as the schools are mere "cramming" establishments, the most elaborately equipped University in the world would be foredoomed to failure. Conversely the best possible schools, without a genuine University, would miss the crown to all their work. Our most pressing educational need in South Africa is a body of good secondary schools, scattered over the country in convenient centres. Centres there must be, until the country is richer and more populous. In the past every dorp has claimed the best and our best has been debased to meet the claim, while the large towns have paid the bill. The secondary schools must be freed from the tyranny of any University: they must be allowed to educate and not to "cram." In the higher forms boys will specialize when the mind is best developed by concentration on a few subjects. The centres also will specialize—Johannesburg in schools like the German *Oberrealschulen*, Capetown in *Gymnasias*.

To advance the work begun in these schools is the task of a University. It is difficult to define what exactly constitutes a University: the name is claimed in different countries, and even within the borders of the same country, by institutions of very varied types. It would seem, how-

South Africa

ever, that the name can only rightly be applied when the work done by students involves individual thinking at an advanced stage. This does not imply original, in the sense of new, work, for in most cases this is plainly impossible. It means that the student must acquire his knowledge of a subject by the exercise, on certain material, of his own thinking powers, and not, as in South Africa at present, by simple memorizing of what is placed before him. This kind of individual work a University must demand from every student. Its own functions, however, are twofold, according to the objects which students have in view. On the one hand, it is a training school for the professions—for education, the church, medicine, agriculture, law or engineering—and as such may exercise a most powerful influence on a nation's life; on the other hand, it is a school of research for the exceptional man who is fitted to carry out research work, and is thus a link binding national aims to that ideal of a wider humanity, the search for knowledge.

There is no stronger case for such a University anywhere in the world than in South Africa to-day. South Africans are compelled to study in Europe or America for almost all professions. The existing colleges have few professors competent to conduct research and little of the indispensable apparatus; yet in almost every field of scientific work the country offers exceptional opportunities for original investigation. A complete University would cost, in equipment and endowment, at least £2,000,000; with the most strenuous efforts South Africa will not, for very many years, be able to afford more than one such University. It must be clearly understood that the division of the same sum amongst several colleges would be useless: a medical school or a chemical research laboratory are as indivisible as they are expensive. Economy is necessary, and in this instance the most comprehensive scheme is the cheapest. The £500,000 offered by the donors is a valuable nucleus fund, but it must be augmented by every penny which the country can spend on University education.

University Reform

If now we again ask what relations should exist between the schools and the new University, and what future lies before the existing University Colleges, it is evident that these two questions have already been answered indirectly. No reform can be adequate which does not involve, first, the liberation of the schools from the control of the University, and, secondly, the concentration of all University work in one National University. The University Colleges will no longer make the pretence of University teaching: they will be transformed into the first genuine secondary schools in the country. The colleges in Grahamstown, Bloemfontein, Pietermaritzburg and Pretoria, though they will lose their present unmerited prestige, will turn to activities infinitely more useful and honourable. They will be called on to recognize that the University is essentially a national, rather than a provincial, institution, but they will represent provincial needs and provincial aspirations in a field in which provincial feeling is legitimate and necessary. The South African College will be absorbed in the new University as a valuable foundation on which to build. It is within easy range of Groote Schuur, if it is ultimately decided that Groote Schuur should be the seat of the University: on many grounds there is a stronger case for a University in Capetown itself. There remains the position of Stellenbosch to be considered. This is unique in two respects. In the first place, it is a centre of racial rather than of provincial feeling, and, secondly, it is so near Capetown that, even if the population of the country admitted of a separate University for each province, it would always remain impossible for two Universities to exist in Stellenbosch and Capetown. Stellenbosch might conceivably establish a Dutch University, working definitely for "two streams" in the national life. This is, however, unlikely; it is coming more and more to be realized by all sections of public opinion that, since the two peoples are to live and work together, they must be educated together. Again, it might be feasible to divide the new University between Capetown and Stellenbosch, by

South Africa

leaving the Arts side to Stellenbosch and the Science to Capetown. Such a solution, however, would strip the University of much of its usefulness: for creating breadth of view nothing can replace the free intermingling of students of all faculties. On the whole, provided that every opportunity is offered in the new University for the natural development of students of Dutch nationality, it is not easy to see that Stellenbosch has more to gain than any other college by keeping aloof. As a strong secondary school for the predominantly Dutch districts of the western Cape Province, the Victoria College would continue to do invaluable work in its own peculiar sphere.

This leads us back to the only condition made by the donors which is likely to present any difficulties, the condition that "bilingualism must stand aside." In a National University bilingualism plainly cannot stand aside, though it may not be provided for from the £500,000 of the donors. It is important, therefore, to examine how far bilingualism can legitimately be enforced and what demand there will be for it. It was the aim of General Hertzog's education policy in the Free State that every teacher should be able to give instruction in either language. This, even at the standard of elementary school work, is a vicious principle. It may be possible and desirable for a policeman or a railway porter to be bilingual in this sense, but it is the business of a teacher to know a language accurately and exhaustively, and this kind of familiarity is unattainable in more than one tongue. Every argument which can be advanced against bilingualism in this sense as a qualification for teachers carries double weight in the case of University professors. This Mr Malan has recognized in correspondence with the donors. It may, therefore, be assumed that tuition and examination in Dutch will be secured only by a duplication of chairs.

The question then becomes of importance, how far there is likely to be a demand for such duplication. For if there were a prospect of duplication throughout, it is clear that

University Reform

the same end might be attained by the establishment of separate Dutch and English Universities. There is a movement afoot to convert the somewhat languid sentiment of the Dutch for their language into a passionate demand for Dutch as a medium of instruction in the schools and the University. On its academic side this movement is controlled from Stellenbosch and in Stellenbosch mainly from the Theological Seminary of the Dutch Church: its aims find a political voice in the Hertzog section of the Nationalist party. Up to the present, in spite of enthusiastic language demonstrations, the movement has had little practical success. In the matriculation examination of 1912, from six to ten candidates out of a total of 1,700 elected to be examined in Dutch in subjects like Latin or mathematics, and the work of this small minority was without exception bad. The reasons for this apathy are not far to seek. In the first place, the Dutch themselves are unable to determine what exactly they mean by the Dutch language. One group desires to clothe the Taal—the colloquial Dutch of the country, a *patois* with no grammar and a meagre vocabulary—in the trappings of a genuine language as the future Dutch language of South Africa. A much stronger group advocates the retention of the Taal as the spoken language side by side with a form of Netherlands Dutch, stripped of its latter-day Gallic ornament, as the written language. Whichever of these views ultimately prevails—and more especially as long as the schism continues—it is clear that Dutch will be at a serious disadvantage in competition with such a living and penetrative tongue as English.

Secondly, Dutch in any form is unsuited to University work, more especially in Science. It is of primary importance to a scientist that his work should reach as large a public as possible. Dutch, unlike English or French or German, is scarcely known outside the very limited area in which it is spoken. This is so apparent to everyone in Holland itself that many of the most distinguished professors in the Dutch Universities write and lecture in German. In South Africa

South Africa

the man who desires to work in any branch of applied science is compelled to work through the medium of English, since the mining and industrial centres are entirely under English control. Signs are not wanting that this is recognized by the South African student, and it is inconceivable that there will ever be a keen demand for Dutch chairs in scientific subjects.

This language movement is academic and out of touch with the changes taking place in the country districts. The present tendency in South Africa is everywhere towards progress; farming is being made a business proposition, the frontiers of the backveld are everywhere receding. When life begins to be touched by business ideas, the footing of English is established. The Dutch themselves will kill the language movement as they realize the narrow limits it would set to their future. English-speaking South Africans would not move to prevent the new University being bilingual; but it is certain that there will be no great demand for duplication of chairs.

It is on some such lines as these we have described that a settlement of the University question must be sought. It would be idle to suppose that any such scheme would not meet with vigorous opposition. It is so easy for the existing colleges to rouse provincial feeling in its most debased form by merely emphasizing that the new University is to be in Capetown, and provincial feeling is just now very virulent and a national standpoint far to seek. It will be argued that the reform is too drastic and would destroy too many established interests. Yet in education there is no room for compromise; no system, if vicious, can rightly claim to be preserved on grounds of age. The best chance of success of the scheme we have outlined lies in the fact that it does diagnose a specific malady and it does furnish an undoubted cure. As far as public opinion has concerned itself with University reform at all—and a University bill is never a popular cry—it has been at a loss to know what

University Reform

exactly was wrong and where the remedy was to be found. As soon as we can convince a sufficiently large public that South Africa does badly need a University, and, if it is not to be content with a sham, can only afford one, we shall be in a fair way to a satisfactory University bill.

The University problem is not merely an isolated South African domestic difficulty: if it were, it would not merit treatment at such length in *THE ROUND TABLE*. It has a wider interest, in that it illustrates admirably an important difference between most South African problems and those of the other Dominions. Our most serious problems only exist at all because of repeated and almost incredible blundering in the past. We alone of the Dominions have forfeited that inspiring privilege of a new country, the power of building up without first having to pull down. We are unable to build at all until we have broken down barriers of prejudice and self-interest. This fact reduces the rate of our material progress: we can never expect to advance on a flood-tide, as Canada and, in a less degree, Australia, have advanced. On the other hand, we may, through great responsibilities, develop like qualities, and if ever our day of greatness comes, it will be to a people which has passed through fire to self-realization.

South Africa. April 1913.

NEW ZEALAND

I. THE LABOUR MOVEMENT

SINCE the question was last discussed in THE ROUND TABLE the Labour movement in New Zealand has taken a forward leap of a most critical nature, and is in consequence engaging a great deal of attention throughout the Dominion. In non-labour circles, where the development in question was certainly not anticipated, there is a fairly general consensus of opinion that the result will be a setback to the past years' flowing tide of labour advance in the political sphere; and there is consequent jubilation, or damping of mild enthusiasm, according to the point of view of the commentator. But the judgment is in any case somewhat premature and superficial, and some months must elapse before it can be either confirmed or confuted.

In previous issues of THE ROUND TABLE (Nos. 5, 8, 10) it has been explained:

1. That a year or two ago there was no distinctive Labour factor in New Zealand politics, the liberal-labour policy of the Continuous Ministry having successfully inhibited the emergence of a real Labour party like that of Australia.

2. That there exists a strong *industrial* organization in the New Zealand Federation of Labour: a body composed chiefly of miners and maritime transport workers (a mere fraction of all the "workers" of New Zealand, but intensively organized for "solidarity") aggressively antagonistic to the employer of labour, impatient of the pacific methods of conciliation and arbitration, and apparently ready at any

The Labour Movement

moment to plunge the country into complete disorganization by strike methods of the most extreme order.

3. That the unions affiliated to the Trades and Labour Councils, representing workers of law-abiding inclination who believe in political action rather than industrial revolution, had united under the able leadership of an American Socialistic organizer, W. T. Mills, and had inaugurated, at a "Unity Conference" of Easter, 1912, a new industrial and political organization under the name of the United Labour Party.*

During the past year the conspicuous facts of the Labour movement have been the steady growth and influence of the new Labour party, and the war waged round the inglorious Waihi strike, which resulted in discredit to the F.L. executive and in considerable gain of reputation to the new Government for its firm and consistent handling of the situation. And these have not been separate facts, for a most significant element in the Waihi struggle was the strong and independent line taken by the U.L.P., through its "national organizer," W. T. Mills, who steered a middle course between Government and Federation, firing heavy broadsides at both.

The constitution of the U.L.P. is a carefully constructed document, definitely directed towards the inclusion under one organization of "all the useful people of New Zealand," as opposed to those whom the party considers to be wealthy to the detriment of the common good. Very systematic provision is made in it for thoroughly democratic control of all activities, industrial or political. The capture of the mayoralty both in Christchurch and in Wellington by a minority

* It will be convenient in this statement, in which frequent reference to the Federation of Labour and the United Labour Party has to be made, to use the recognized abbreviations: F.L. and U.L.P.

Both parties are actuated by Socialistic ideas, but there is a very great difference in degree. The F.L. professes extreme Revolutionary Socialism and shows more than a disposition to Syndicalism and sabotage; while the U.L.P. includes men and women of every school of socialistic thought, besides many who have in the past been strongly averse to the name of Socialist.

New Zealand

vote in each case was some indication of the success of the political machinery, which is shortly to undergo a more searching test in the general municipal elections. The fairness of its democratic principles has undoubtedly won support for the party from a considerable section of the educated and thinking public.

But at the conference which inaugurated the U.L.P. there was a very strong feeling among the delegates that the effectiveness of the unity achieved was seriously weakened by the quite inappreciable representation on the conference of the unions affiliated to the F.L. The latter organization was at that time contemptuously adverse to the moderate policy associated with the Unity proposals, and refused to meet the overtures which were again and again made to it to join in the effort after unity. It has undoubtedly been the greatest obstacle to the subsequent success of both organizations that they found themselves, during the past year, in active opposition to one another, while the rank and file of their membership was very restive under what it instinctively regarded as a most undesirable and undermining division into opposing camps. On the other hand, the U.L.P. gained considerably in prestige by its resolute opposition to the anarchy of the F.L. during the Waihi strike.

The complete rout of the F.L. at Waihi has had the not unnatural effect of paving the way for a genuine unification of the Labour forces of New Zealand, but the actual turn of events has proved to be of a somewhat unexpected character. The F.L. executive has saved itself from effacement by forcing the situation, and its success has greatly endangered the support accorded to the policy of the U.L.P. not only by educated men who cannot by any stretch of imagination be accused of selfish interest in their faith in democratic principles, but also by the soundest men of the "working class." The support of the former class looked like giving great strength and steady balance to the Labour movement in New Zealand; its loss might not seriously

The Labour Movement

diminish the sheer momentum of the movement, but it could hardly fail to prove a real disaster to the country. Labour is a coming power in New Zealand; it is of vital consequence what spirit controls its powerful activity.

The new situation has come about in this way. The U.L.P. is constituted to operate through a Dominion executive and an annual conference. During the past year a provisional executive, elected at the Unity Conference, has managed the party's affairs with a view to launching the complete scheme at the first regular conference this Easter. Meanwhile the organization was inevitably weak, and the F.L. executive stole a march upon it by summoning a conference of trades unions in January, to consider the consolidation of the Labour forces of New Zealand. This was a check to which the U.L.P. executive could only reply by asking its affiliated unions not to recognize the somewhat arbitrary summons that was sent out. Nevertheless, a very considerable proportion of the men who had taken part in the Unity Conference of 1912 were delegates to this conference also, and there were represented many unions which have not so far found it expedient to join either of the rival organizations. The dominant consideration impelling the unions to send representatives was the strong desire which exists for the healing of breaches in the Labour ranks. The chief ground of common belief at this conference was repudiation of the Industrial Conciliation and Arbitration Act.

The first matter of importance discussed at the January conference was a proposal to invite the Dominion executive of the U.L.P. The discussion showed that the most militant leaders of the F.L. were strongly opposed to any such definite recognition of the other organization, but that among the delegates there was a very strong body of opinion in favour of linking up. Finally the suggested representation of the U.L.P. was reduced to two, and with this modification the proposal was carried by fifty votes to forty, a division which may be taken as an indication of the pressure

New Zealand

which is being put upon the Federation leaders even by the unions least adverse to their past policy and methods. In this way the national organizer of the U.L.P. came upon the scene and was able to have a determining influence on the subsequent proceedings.

The outcome of the conference was a unanimous and emphatic declaration of the need for unity. Nothing final was, or could be, decided by such a conference, but the two executives agreed to throw all their energy, during the first six months of the year, into establishing two parallel organizations, one industrial, to be called "The United Federation of Labour," the other political, to be called "The Social Democratic Party." A sub-committee was set up, including the leaders of both organizations, to arrange a "joint congress of unions" in July, and to present for consideration at that congress draft constitutions for the two new organizations. The conference recommended an "outline indicating the lines along which constitutions should be drawn up by the sub-committee," and this includes a preamble to the industrial scheme which smacks very strongly of Federation rhetoric, opening, for example, with the foolish proposition that "the working class and the employing class have nothing in common." The ultimate object, suggested by the outline, is that "of securing to the workers the full product of their labour," but one feels that this excellent ideal is mainly used as an appeal to the self-interest of those "workers," and that very little attempt is made to awaken the tremendous responsibility which devolves upon the leaders of such an enterprise; there is no probability that either of the terms "worker" or "full product of labour" has any definite meaning to the body of people concerned. Apart from this, however, the United Labour Party has stamped its soundly democratic methods of organization upon the scheme, and that is a sufficiently remarkable achievement under the circumstances. The proposals, if brought into effect, should remove the paramount evil of the autocratic sway which has been

The Labour Movement

exercised by irresponsible agitators, since it provides that any future executive shall be elected on an absolutely democratic franchise of the members of the organization, and that all strikes, of whatever magnitude, shall be subject to the control of the majority of the workers involved.

A paragraph in the outlined proposals "leaves the matter of registration or of not registering, or of cancelling registration under the Conciliation and Arbitration Act entirely with each union." This result must be accounted as a considerable achievement by the U.L.P. in view of the general antagonism of the delegates to the Act. The paragraph concludes with the declaration that in any case the new organization "will oppose registration of any new union to succeed any union which may have cancelled its registration, and will seek for legislation to that effect." The unions believe, rightly or wrongly, that they have been robbed of their right of unfettered negotiation with the employers by the formation of "bogus unions." This is a complex question which cannot be discussed further in the present article.

Interest now concentrates upon the question of whether the trades unions will endorse the findings of the January conference, and whether the July congress will succeed in hammering out a constitution, or constitutions, acceptable to the general body of workers. But it may be said right out that the commonly accepted opinion, that "the U.L.P. has been swallowed whole by the Red Federation"—however loudly proclaimed by the daily press and triumphantly echoed by the F.L. organ—has been formed without adequate regard to the facts. It ignores the circumstances that the January conference was called and controlled by the F.L. executive, smarting under recent humiliation and exceedingly sensitive to criticism; that the other organization was brought in only through the internal compulsion of the rank and file of delegates; that the report adopted was drawn up by a sub-committee on which the Federation leaders had a large majority, and yet fully acknowledged

New Zealand

the unsoundness of the methods which have brought discredit upon the F.L.; and that the decisive congress will in all likelihood have an overwhelming majority of men pledged to the policy of the U.L.P. All things considered, it would seem to an unprejudiced view that the U.L.P. could hardly have done other than it has done, up to the present stage. But it has in front of it a very difficult task indeed, if it is to reconcile its claim upon the general thinking public with its alliance to the blatant demagogues of the extreme Labour wing. In any case, it may be regarded as practically certain that there will be by the end of this year a strong radical Labour party in New Zealand, aggressively independent of the two existing political parties.

A point immediately at issue is the attitude of the Labour people upon the present defence policy of the Dominion. In their ranks are some of the most extreme opponents of the Military Training scheme, and the leading men at the recent conference are almost all against a compulsory system. On the other hand differences on this subject were so acute at the Unity Conference of Easter, 1912, that the U.L.P. would not then have been inaugurated but for agreement to shelve that particular question for the time being. It is not possible to forecast what the July congress will do with regard to this, but some clear declaration of policy upon this national and imperial question must be made by any definitely established political party.

II. NAVAL DEFENCE

[Previous contributions to the New Zealand section of *THE ROUND TABLE* have dwelt upon the advisability of naval co-operation between New Zealand and Australia. The merits, or demerits, of that course are playing a part of increasing importance in the discussion of the naval problem in New Zealand, and we publish this contribution as a valuable expression of what may perhaps be called the anti-Australian view.]

SINCE the last New Zealand letter was written Parliament has been in recess, and few matters of great local importance have come forward to attract attention. An

Naval Defence

opportunity has thus been afforded for consideration of external affairs. Among these the one which most nearly touches New Zealand is the subject of naval defence, and while there has been little attempt so far to ascertain and crystallize public opinion, or to form clearly reasoned conclusions upon the subject, recent events have directed the attention of the press and the people to the topic, and have led to some discussion, albeit of a very general and desultory character. The cabled report of the King's visit to the warship "New Zealand" has stimulated the public sense of co-operation in Imperial affairs, while the brief news which we have so far received of the work of the Hon. James Allen in London has directed attention to the practical problems involved in a scheme for the participation of the Dominions in naval defence. Added to this, more detailed information is now to hand concerning Canada's proposals, and has served to emphasize the wide apparent divergence between Mr Borden's views and those held by the party in power in Australia. True, the newspapers have for the most part been engaged in expounding the obvious, indulging in generalities, and voicing vague aspirations without attempting to discuss the practical difficulties or to weigh the considerations involved in deliberate acceptance of a policy. None the less, we as a people are beginning to realize that a question of the profoundest importance lies before us for solution. No doubt, before this letter is published Mr Allen will have come to some arrangement—provisional, of course, and subject to ratification here—with the British Government. But the question of New Zealand's policy will for some time to come be keenly debated here, and it is not out of place to attempt a general review of the position which confronts us.

The ideal of co-operation, upon a basis satisfactory to all, between Canada, Australia and New Zealand in the defence of the Pacific is one which appeals to most, and, given agreement on certain broad essentials, little difficulty will be experienced in securing general support in this country

New Zealand

for a scheme of common action on the part of the countries named. For in many respects these countries stand in the same position. The Imperial spirit is strong in each, their need is common, and all alike have awakened to the fact that ordinary fairness and self-respect demand that we should take up a reasonable share of the burden which international rivalry has imposed upon the Empire. The aim of each is, in Mr Borden's words, to "combine co-operation with autonomy," to satisfy at once the Imperial desire to do our duty and the natural local desire to foster a sense of local ownership and control, at the same time achieving that efficiency in co-operation without which local endeavour will prove but a futile, costly and pretentious experiment.

At the present moment each of the Dominions is pursuing a different plan. Canada proposes to find seven millions for the construction of three ships, which, to quote the Prime Minister,

will be at the disposal of His Majesty the King for the common defence of the Empire. They will be maintained and controlled as part of the Royal Navy, and we have the assurance that if at any time in the future it be the will of the Canadian people to establish a Canadian unit of the British Navy these vessels can be recalled by the Canadian Government to form part of the Navy, in which case, of course, they will be maintained by Canada and not by Great Britain.

In return for her gift, Canada will have a representative on the Committee of Imperial Defence. Australia, on the other hand, has, at least for the time being, adopted the policy of a local navy, owned and controlled by her. New Zealand at present is paying a money contribution to Great Britain, without any representation or voice in naval affairs, but such a position is obviously only a temporary one, and our permanent policy will largely depend upon the action taken by Canada and Australia.

Two facts stand out quite distinctly. It is, in the first place, clear that our Imperial activities for some time to come can best be directed to the defence of the Pacific. This work is of

Naval Defence

first-rate importance and affords ample scope for our efforts. It is also plain that co-operation between Australia and New Zealand is desirable if the fundamental basis of the scheme can be made consistent with the views of both.

Before we can discuss the question of co-operation, it is necessary to state the Australian attitude as we understand it from recent utterances of the Federal Prime Minister, Mr Fisher, and the Federal Defence Minister, Senator Pearce. Australia has decided to build, equip, maintain, and man a local navy which will be controlled by the Parliament of the Commonwealth and will be independent of the Admiralty and of the Home Government. She has further emphasized her policy of independent naval action by declining to accede to Great Britain's invitation to appoint a Minister to represent her on the Imperial Defence Committee. Mr Fisher's explanation is that he prefers to send a Minister each year to consult with the Admiralty rather than to appoint a permanent official who would reside in London. The natural inference is that Australia does not wish to be necessarily bound by the decisions of the Defence Committee, but that she is prepared to co-operate with the other parts of the Empire represented thereon so far as its recommendations harmonize with her conceptions of what is in the interests of Australian and Imperial defence. This inference is strengthened by the fact that in the Act for the creation of the Royal Australian Navy it is expressly stated that the Australian unit "may" be placed under the control of the Admiralty in time of war. But, so far as we are aware, neither Mr Fisher nor any other responsible Australian statesman has stated authoritatively that it "will" be transferred to the control of the Admiralty in such a contingency. It is probable that in actual fact the "may be" will prove to be the same as "will be," but none the less the point is of importance, and public opinion in New Zealand, so far as it can be gathered from articles in the press and from the public utterances of the Prime Minister and the Minister for Defence, is against any scheme

New Zealand

of naval co-operation which is not based on the principle of unity of legal control. At the same time, when we read that Mr Pearce has stated publicly that "Our (the Australian) policy is known to and approved by the Admiralty, and can be adjusted to meet any development in the policies of Canada and New Zealand," there can be little doubt but that it is possible to evolve a scheme that will ensure the effective defence of the Pacific without weakening the principle of harmonious co-operation with the British Admiralty which we consider essential to any project of Imperial defence.

In adopting this self-reliant naval policy, Australia has been influenced by many reasons to which New Zealand must in a large measure subscribe. It is common knowledge that the expansion of Germany's naval power has necessitated the concentration of the British naval forces in the North Sea, with the result that the number of vessels on the Australasian, as well as on the China, South African, Mediterranean and North American Stations, has been considerably reduced. Taking the stations which are most essential to the security of the British possessions in the Pacific and which do most to protect our trade route to Europe, we find that since 1902 the number of vessels in the Mediterranean Squadron has been reduced from 55 to 19, on the North American and West Indies Station from 14 to 3, on the Cape of Good Hope Station from 16 to 3, on the Pacific Coast of North America from 8 to 2, on the China Station from 42 to 31, and on the Australasian Station from 12 to 8. The most casual examination of these figures brings home to us the unpleasant fact that the British Navy has no longer that predominance in every part of the world which it had in 1902. This relative decline in Britain's naval strength has roused the four great Dominions to a sense of their responsibilities, and has brought home to Australia a vivid realization of the dangers to which she is exposed from her isolated position in the confines of the East with its teeming millions of people alien to her in race, religion and national ideals.

Naval Defence

In Australia's anxiety to build up a naval force which will enable her to do her duty in confronting any dangers which may arise from this quarter we New Zealanders are bound to share; for should an Eastern power once get a firm footing in Australia, nothing would save our Dominion from a similar fate. Another reason which has helped to influence Australia is the belief that in the past England has, in her diplomatic relations with other powers, either wittingly or through ignorance of local conditions and requirements, sacrificed the interests of her great possessions in the South Pacific. We have only to cite the cession of Samoa to Germany, the neglect to acquire New Caledonia, and the toleration of the hopelessly inefficient *condominium* in the New Hebrides to show that this grievance rests on a solid foundation. England by her neglect of Australasian interests in the past has allowed foreign powers to gain naval bases in the South Pacific. Here again New Zealand is thoroughly in sympathy with Australia. Indeed, when Mr Allen said in London the other day that Australia had undertaken greater naval responsibilities than any other Dominion, his tribute to the patriotism with which our Australian brothers have shouldered so great a naval burden was endorsed by every New Zealander who has devoted any thought to the pressing problem of the defence of the Pacific.

But while we admire Australia for the self-reliant policy she has lately adopted, we must yet satisfy ourselves that her naval policy is in the best interests of Imperial defence before we can answer the questions how and to what extent New Zealand can co-operate with her. In the first place it will be necessary to determine what are the fundamental duties of each unit of the Empire with regard to naval and military defence. This involves consideration of the essential features of naval policy and of the strategic value of each class of ship. The object of the enemy in a war with England would be to inflict a damaging blow by landing an expeditionary military force, or to get command of the seas and deprive England of her food supplies. Hence

New Zealand

a fleet of battleships is concentrated in the home waters to protect the heart of the Empire. From purely selfish motives, apart from all sentimental reasons, New Zealand and Australia are as much concerned as England herself in the efficient defence of the Channel and the North Sea: for should the fleet in the Home waters suffer a defeat, England would lose command of the sea and all parts of the Empire would be exposed to attacks or raids from hostile powers. It was for this reason that the New Zealand Government so readily agreed to the Admiralty's request to place the battleship "New Zealand" in the North Sea instead of in the China Squadron. She felt that she could best contribute to the defence of New Zealand's interests by helping to guard the heart of the Empire.

The Dominions, because of their remoteness, are not exposed to the same danger of attack as the Mother Country. The chief danger to be feared is that an enemy might attack their sea-borne commerce, or land an expeditionary force, which would in all probability be relatively small. The vessels detached for this work would be cruisers, not battleships. The way for each Dominion to provide against raids would be by building and equipping a suitable fleet of cruisers, torpedo-boats, torpedo-destroyers and submarines. It is further incumbent upon each Dominion to build a strong naval base for the local flotilla, and to strengthen the coastal fortifications. Such a naval force working in conjunction with the local territorial forces ought to be sufficiently strong to oppose successfully a raid by a hostile expeditionary force and to do its share in protecting the trade routes of the Empire. Such is the policy which we conceive it is the duty of each Dominion to adopt with regard to local defence, but such a policy must be made to harmonize with whatever scheme may be propounded by the Committee of Imperial Defence. If Australia prefers independent action, while Canada, South Africa and New Zealand support a policy of co-operation with the Mother Country, it will be impossible to evolve the most effective

Naval Defence

scheme for the defence of the Empire. This view is emphasized by the *New Zealand Herald* in a leading article on Mr Allen's statement in London of the defence policy of the Dominion. After pointing out how useless local Australasian navies would be, unless they worked in harmonious co-operation with the naval forces of Great Britain and the other Dominions, it goes on to say:

But there is no reason whatever why we should not combine with other interested Dominions to bear the full burden of the defence of the Pacific, provided, of course, that we are able to sustain the expense and that we are not made subordinate to Australia or Canada.

The article concludes with a plea for unity of control:

If the Imperial authorities prefer ships and men to money, then it is obviously our duty to give them such ships and men as we can, placing our naval contingent where it best serves the great navy without which our seas are defenceless and our trade routes unprotected. We shall certainly not pay money to Australia instead of to Great Britain under any pretence or under any arrangement whatever.

This, in our opinion, is the view generally held in New Zealand, and so long as it prevails there is little likelihood that New Zealand will co-operate with Australia by urging, for example, that the battleship "New Zealand" be placed in Australasian waters, by giving future naval subsidies to Australia instead of to the British Admiralty, or by establishing a flotilla which would be an integral part of the Australian fleet. Any such arrangement would necessitate the establishment of an Australasian board for naval defence, and we do not see how such a board could work in harmony with the Committee of Imperial Defence; while, unless it were in some sense subsidiary to it, we feel that it would lack the expert advice of the heads of the Admiralty and the accurate knowledge of the policies of foreign powers which could be furnished by the Foreign Office alone. Without such guidance there would be much misdirected

New Zealand

effort, and considerable waste of the money which the Dominions could furnish only at considerable self-sacrifice. Thus for selfish reasons as well as in the interests of Imperial naval efficiency it would appear to be inexpedient for New Zealand to co-operate with Australia in adopting such an isolated naval policy. Let it again be repeated, however, that the divergence of opinion may be more formal than real, and that there is a good prospect of effecting such a reconciliation of opinion as will lead to a real co-operation between Australia and New Zealand without sacrificing the ideal of Imperial unity.

It is instructive to note that the question of co-operation with Australia, Canada and South Africa in formulating a policy for the defence of the Pacific has for some time past been exercising the minds of our statesmen. In a recent speech the Prime Minister, Mr Massey, said that he was well satisfied with the progress of the defence movement so far as the land forces were concerned, but that he was not so well satisfied with naval matters.

There was much discussion [he said] as to the form which the establishment of a fleet in the Pacific should take, but, as far as New Zealand was concerned, it stood straight out for a British Pacific Fleet. It might consist of ships of Canada, of Australia, of New Zealand and of the British Navy, but, however the details were arranged, there should be no possible question as to the supremacy of the British naval forces in the Pacific. When the first shot was fired, the fleet must be a purely British Imperial fleet and under Imperial control.

The clear intention of these remarks is that the Government is prepared to reconsider the naval policy of the Dominion. It may decide to build a flotilla for coastal defence instead of continuing its subsidy to the Admiralty, but it is determined to support the principle of Imperial naval control.

At the Conference held in 1909 the Admiralty left it open to the Dominions to provide (1) "Local naval forces to be placed at the disposal of the Crown in the event of war," or (2) "A simple contribution of money or material," or (3) "Certain local services not directly of a naval character, but

Naval Defence

which may relieve the Imperial Government from expenses which would otherwise fall on the British Exchequer." New Zealand presented her Dreadnought after consultation with the Imperial Government, and Mr Borden in like manner has introduced his naval bill for the presentation of three Dreadnoughts to form part of the "British Imperial Fleet." This would seem to indicate that the second of the three courses is the one favoured by the Admiralty. An impression, however, has lately got abroad that it would now welcome the establishment of local units instead of money contributions. Whether there are any real grounds for this impression or not we are not in a position to say, but of this we are assured, that there is an increasing feeling of anxiety about the defence of the Pacific.

This anxiety is in a great measure due to the change which the naval position in the Pacific has undergone since the Russo-Japanese war. Russia has for the time being disappeared as a naval power. The British fleets on the various stations have been considerably reduced, and as a consequence Japan stands unchallenged as the paramount naval power in the Pacific. It is true that during the continuance of the Anglo-Japanese treaty we have nothing to fear from her, but, should Japan at any time see fit to denounce that treaty, the British communities bordering on the Pacific would no longer be secure against aggression. Thus Canadian, Australian and New Zealand statesmen feel that they are confronted with a serious problem of defence, and are beginning to cast about for some scheme of mutual action which will prove acceptable to all concerned. In this connexion a good deal of prominence has been given to the scheme advocated in the last issue of the *Navy League Annual*. This scheme provides for a fleet of eight battleships based on Colombo and Singapore, which would work in conjunction with a squadron of eight battle cruisers based on Capetown. It is proposed that the battleships should be provided by the Mother Country and maintained by India, Ceylon, the Straits Settlements, the Malay States and

New Zealand

Hong-Kong. The fleet of battle cruisers would act as an Imperial patrol and would be provided as follows: two by the Mother Country, two by Canada, two by Australia, and one each by New Zealand and South Africa. It is further suggested in this scheme that the Dominions should maintain according to their means and population a force of 20,000 men to be available for service in India.

It is probable that in the allocation of the cost of such a scheme a larger proportion should be, and could be, borne by the overseas Dominions, but subject to this criticism the plan has much to commend it, and at least forms a definite basis for discussion. At a critical time the Cape Squadron could get quickly into communication with the Eastern Squadron, and this combined force would be a much more effective means of defence than small local navies acting independently of one another. Moreover, the Admiralty has already recognized the importance of South Africa and Singapore as naval bases. In the former country it has spent large sums of money on the fortifications of Capetown and Simon's Bay, while it has established an up-to-date naval base at Singapore. Mr Allen had some such scheme as this in mind when he advocated co-operation between Canada, South Africa, Australia and New Zealand for the defence of the Pacific. The consummation of any such scheme depends to a great extent upon whether Australia will depart from the independent policy to which we have already referred. In the interests of the defence of the Pacific it is certainly to be hoped that she will adopt a less rigid attitude. Individually the Dominions would be powerless against such a power as Japan; united under some such scheme as that outlined above they would have a naval force that would cause a hostile power to hesitate before attacking any one of them. We must not forget, too, that the opening of the Panama Canal may transfer the naval predominance in the Pacific from Japan to the United States of America. After 1915 the States will keep a strong battleship squadron in the Pacific, and will have their Atlantic squadron within reason-

Naval Defence

able steaming distance. An almost impregnable base has been established at Honolulu, and the Canal has been strongly fortified to ensure the passage of the fleet from the Atlantic to the Pacific. Thus the United States Navy may in the near future become predominant in the Pacific, and if it could work in conjunction with the suggested Imperial Pacific fleet, we should have an Anglo-Saxon naval force that would be the greatest possible factor in ensuring the peace of the Pacific.

New Zealand. March 1913.



